

# Nation's Business

New law's dangerous deceit

Wanted: A nonpolitical Supreme Court

Why successful businessmen fail

A large, dramatic photograph of a field under a stormy sky. The sky is filled with dark, heavy clouds, with some lighter patches where the sun might be breaking through. The field in the foreground is dark and appears to be a crop field, possibly corn. In the distance, there is a dark horizon line with some faint lights or structures. The overall mood is somber and dramatic.

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ten fathoms  
deep?**

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# Nation's Business

May 1968 Vol. 56 No. 5

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*Cover photograph: Fred J. Maroon*

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**Editor**  
Jack Wooldridge

**Managing Editor**  
Tait Trussell

**Associate Editors**  
Jeffrey S. O'Neill  
Walter Wingo  
John Costello  
Robert W. Irelan  
Vernon Louviere  
Sterling G. Slappey  
Wilbur Martin

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Peter Lisagor  
Alden H. Sypher

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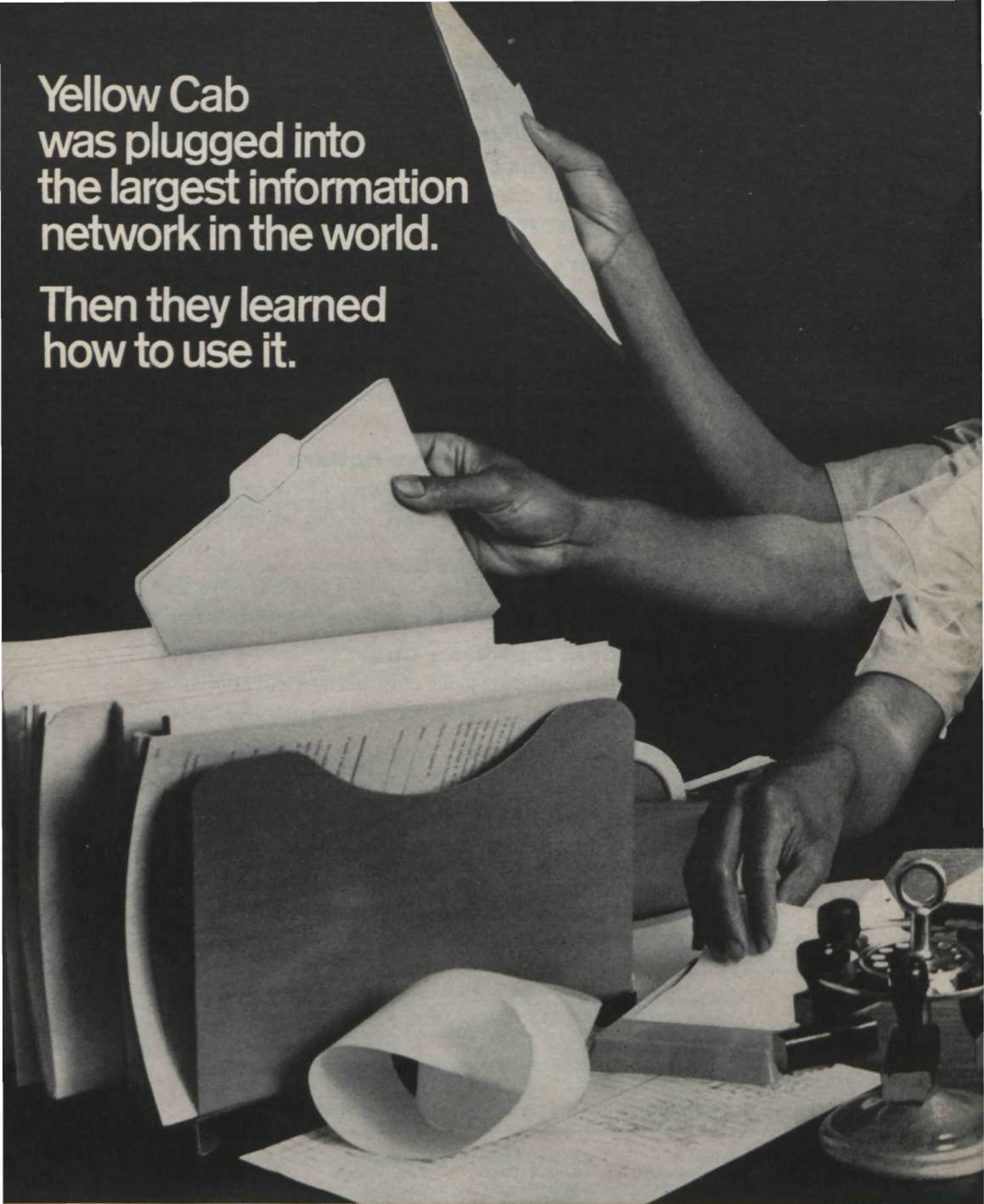
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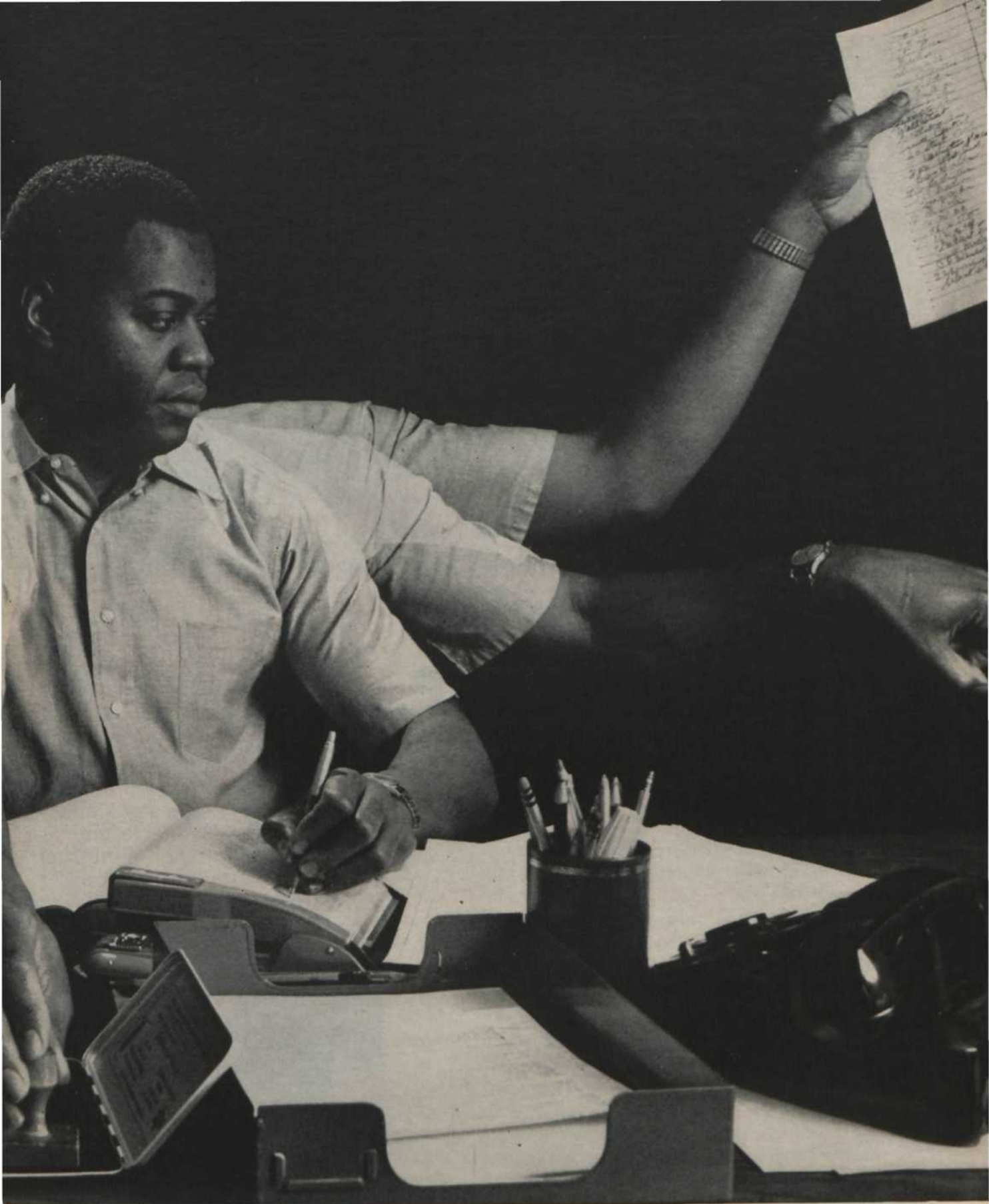
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# WASHINGTON: A LOOK AHEAD

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**Momentous questions** of peace and war face the nation, not just in coming weeks but for years under a new President.

In our eager lurches toward peace in Viet Nam—we shunt aside bigger underlying issues.

But fundamental military policies and political decisions still to be made will guide the country's destiny, determine our security, shape the economy and mold the federal budget into the 1970's.

**Whatever happens in Viet Nam**, the Administration, with a new Defense Secretary and the current Congress, then the new President with the next Congress, must struggle with these enveloping questions:

Will we continue to follow the post-World War II policy of collective security with the capacity to make good on all commitments around the globe?

Or will we withdraw as world policeman and adopt an isolationist "fortress America" posture?

Or will it be something in between?

How strong militarily must the United States be in the years ahead?

**New Defense Secretary Clifford** now gives professional military men more say in policies. He sees Red China, rather than Red Russia, as our main enemy. He's for expanding the nuclear weapons and missile stockpiles. But who knows what the new President and his Defense Chief will do when they take command a mere nine months from now, whether they'll be doves, hawks, owls or chickens?

Secretary McNamara warned just before he left office that even if America, frustrated with war and edgy over ties abroad, should withdraw into isolationism, it could never be the militarily cheap, unarmed stance of the 1930's. Intercontinental ballistic missiles with nuclear

warheads make that a folly. He also contended that even if we pulled back all our forces to our own soil and built a "fortress America," without allies we'd need even bigger, stronger military capacity and we'd have less economic freedom and a lower standard of living.

**Certainly many Congressmen** and many Americans now argue that we're overcommitted, spread too thin. Peace dickerings in Viet Nam could accelerate a rush to cut back on defense. Especially with red ink in the budget and in our international payments balance, with inflation and the gold crisis.

Of course, if a truce is signed in Viet Nam, billions in defense dollars will be saved. A special post-Viet Nam study by a group of scholars for the Chamber of Commerce of the United States assumes, for example, that \$20 billion can be saved over the first 18 months of peace.

**But the steely questions** about how much muscle will still be needed will be crucial from now on.

The uncertainties of national security snap into focus with such recent revelations as this, for instance:

Russia now apparently is flight-testing in secret a means for putting warheads in orbit to float menacingly through space until the Soviet Union is ready to drop them.

Russia already has developed what's called a fractional orbital bombardment system, which puts a warhead into a low orbit to be ordered down before it completes a full circuit.

The capability to station bombs indefinitely in space would violate the treaty on outer space use. Moreover, it would create a new sophisticated weapon we'd have to contend with.

After wrestling with the problems for seven years, McNamara concluded that "our forces



# WASHINGTON: A LOOK AHEAD

must be sufficiently large to possess an 'assured destruction' capability." It's this ability and the will to use it that deters our foes, insists McNamara.

**No one knows how strong** we will stay. But for an over-all idea of how powerful we are today, consider the following:

Our potentially greatest enemy, China, is still no industrial or military giant. Its industry is concentrated in a few cities. So defense strategists figure a small number of warheads set off over 50 Chinese cities would kill half the urban populace, especially key technical people, and wipe out over half the industrial capacity.

Red China, it's estimated, will have a modest force of intercontinental missiles by the mid-70's. That's why the recent decision to build a \$5 billion, limited antimissile system.

Russia in the late '60's will likely install extensive antimissile defenses, so our missiles are now being designed to carry several warheads and penetration aids to assure delivery.

We've got twice as many missile launchers, four times as many warheads and five times as many intercontinental bombers as Russia now.

Even if the Soviets expand the antimissile network for the next several years, we should be able to detonate about three fourths of our surviving weapons over Russian targets, kill 100 million Reds and destroy 75 per cent of their industrial power.

**Our own antimissile system** to ward off a Chinese threat of the '70's will consist of sophisticated radar, the Spartan long-range missile and Sprint local missile.

The Spartan will intercept enemy missiles at altitudes outside the atmosphere. The Sprint will climb thousands of feet in a few seconds, via a gas-pressure getaway technique, and stop objects several miles from target.

A new airborne warning system will take care of enemy bombers. Over-the-horizon radars planned for bomber plane defense will also provide some detection for missiles flung from

submarines. A satellite-borne missile warning system also is being developed.

Our armed forces and men available for call-up total about 3.4 million.

In the European theater, NATO forces are slightly under the 960,000 Warsaw Pact troops. But our air strength is greater than the enemy's.

In Asia, the Chinese have active land forces of 2.4 million, North Viet Nam has 442,000, North Korea, 345,000.

**Russia and China** are supplying the North Vietnamese and the Viet Cong with new and potent armaments.

The Soviet AK assault rifle is more reliable than our M-16 and carries a 30-round magazine compared with the 20-round M-16. Soviet hand grenades, machine guns, mortars and rockets are top quality.

The air defense system of North Viet Nam is judged to be the most impenetrable yet. It relies on Soviet anti-aircraft guns controlled by radar and surface-to-air missiles.

However, the Red Chinese have limited ability to attack beyond their own borders.

**Defense experts figure** the average U. S. GI has three times the firepower, five times the motor transport and 20 times the equipment of the average Chinese soldier.

We have great mobility now. For example, when the fiscal year 1968 orders are delivered, we'll have 7,500 modern turbine helicopters. We now have considerable airlift capability to deploy troops quickly to any part of the globe.

In all-out war at sea, naval experts say we could sink much of the Soviet sub force in a matter of a few months.

In much of our armaments, pilot training, medical services, specialized activities, we surpass the enemy.

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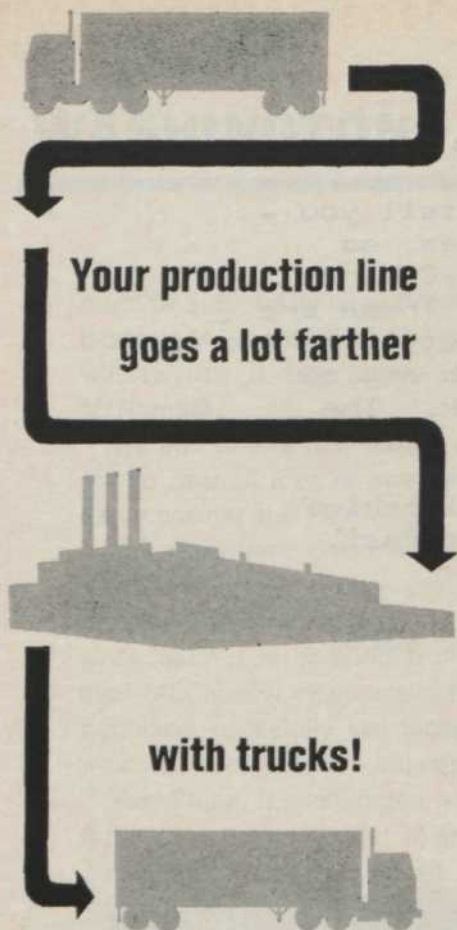
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THE WHEELS THAT GO EVERYWHERE



# PRIVATE PROGRAM SHOWS UNCLE SAM THE WAY

## College loan plan started by businessmen sets criteria for helping worthy students

Timothy Glidden, ex-1st Lieutenant, Army, had a wife, no job, no prospect of one for three long years, no credit record and no collateral.

So he applied for a \$1,000 loan.

And he got it.

Is this any way to run a loan business?

You bet it is, United Student Aid Funds, Inc., says. And it has the statistics to prove it. In five years, it has grown from a small, one-horse operation serving 17 colleges in a single Midwestern state to a nationwide organization.

It now operates in all 50 states, and has endorsed more than \$185 million worth of loans for 300,000 students.

It persuaded more than 9,000 commercial banks, savings and loan companies and other lenders to extend credit to college students on a nonprofit basis—backed up with no more than a promise to pay.

More than 900 colleges and universities, plus some 100 vocational schools, steer students who need help to USA Funds.

It all started with a simple idea, pursued by men who were determined to prove that the federal government hasn't a monopoly on brains—or on desire to solve social problems.

Founders included John Burkhardt, Indianapolis life insurance executive, and Richard C. Cornuelle, then staff head of the Foundation for Voluntary Welfare. As the founders saw it, the problem was real, but a practical solution was possible.

College costs were going up, and more and more people were sending their youngsters to college. But many had a hard time paying the bill. Long-term loans seemed a fool-

proof answer. Since a college education adds about \$200,000 to a student's lifetime earning power, it makes sense for him to borrow to obtain this increase. And investigation proved that college students are good credit risks if:

- The loan is formal. And the repayment plan systematic and reasonably prompt.

Then USA Funds came up with a gimmick that greatly multiplied the amount available for loans. It was modelled on a successful plan tried locally in Massachusetts.

In the past, colleges had loaned students money out of school funds. But to make a \$1,000 loan, the college needed \$1,000 in gifts or other funds.

### Makes \$1 do work of \$25

USA Funds made that \$1,000 do the work of \$25,000.

It told colleges that for every \$1,000 they put in its reserves, USA Funds would put in another \$1,000 it raised by grants from businessmen and foundations. It then persuaded banks to sign a contract to lend \$12,500 at a nonprofit rate for every \$1,000 USA Funds held in its reserve, security fund.

Thus, \$1,000 of a college's cash became \$25,000 in loan capacity.

It permitted undergraduates (freshmen temporarily excepted) up to \$1,000 a year, graduate students up to \$2,000, to an over-all total of \$4,000.

The student began to repay the loan four months after graduation, and got three to four years to wipe out the debt.

USA Funds President, ex-General Dynamics Vice President Allen D. Marshall, puts it this way:



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## PRIVATE PROGRAM SHOWS UNCLE SAM

*continued*

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### USA Funds alumni

Timothy Glidden, ex-1st Lieutenant, Army, is now legislative assistant to Sen. Clinton P. Anderson of New Mexico. He is one of the thousands of bright, young men USA Funds helped put through college.

"It was a lifesaver for me," he says.

"After pre-law in Middlebury College in Vermont, I went into the Army for two years. I got out in February, 1964, and enrolled in New Mexico University Law School in the fall of the same year.

"I had saved \$1,500 while in uniform. That was all I had to continue my education. At the time, there was no GI bill that applied to veterans like me. It lapsed after the Korean War, and we didn't get a new one until I was a senior in law school.

"The money I had saved was gone in the first year of law school. Also, I had married. I was faced with this dilemma—find the money to go to school full time, or take a job and become a part-time student. The school encouraged me to continue full time.

"I got two USA Fund loans. The first for \$650, then \$1,000 a year later. Thanks to them, I was able to get my law degree in three years instead of four.

"Now I'm paying \$22.48 a month on my \$650 loan. Later I'll pay off the \$1,000 debt. It's the best investment I'll ever make."

### Skeptics doubted

When USA Funds started out, some credit men said the idea was folly. "College kids aren't good risks," they argued. But the businessmen who started it on a shoestring, and a deep faith in American youth, didn't buy the risk argument. Their faith was not misplaced.

In a study of USA Funds loans guaranteed from February, 1961, to January, 1967, only three per cent were delinquent. Half of these will eventually be paid. Thus, the loss rate is well below two per cent.

Last year, USA funds helped 77,826 students by guaranteeing loans for them worth \$58 million. This year more than 100,000 students will obtain loans totaling almost \$100 million.

Some 20 states have set up similar programs and have loaned more than



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## PRIVATE PROGRAM SHOWS UNCLE SAM *continued*

\$350 million in the past seven years.

USA Fund's early success inspired Washington to imitate it.

Under the Higher Education Act of 1965, the federal government got into the guaranteed loan business. In so doing, Washington ignored the businesslike principles USA Funds followed in extending credit.

Instead, Washington adopted this kind of philosophy: If a little sherry is good for the digestion, a cask of it should cure almost anything.

It eliminated need as a prerequisite for a loan, upped the amount students can borrow, extended the repayment period and provided a liberal interest subsidy—for those whose families have an annual income of \$15,000 or less.

While these students are in college, Washington pays all interest on their loans. After they leave school, it pays half. Thus, while in college, the loan's interest free; later, the student pays only three per cent interest.

Recently, HEW asked Congress to let it back up student loans with federal IOU's, instead of cash reserves. If Congress approves, USA Funds believes, Washington will eventually take over the student loan field entirely—and eliminate private and state participation.

Under the federal plan, some bad side effects were apparent at once:

Students are encouraged to borrow to the hilt—and the number of loans skyrocketed. In Colorado, under a state program run by USA Funds, 2,400 needy students took out \$1.8 million worth of loans in two years time. Then a program of direct federal guarantees replaced it.

In two months' time, 2,300 students crowded the cashiers' windows to snatch up \$2.1 million worth.

The size of the loans climbed, too. In 1964, USA Funds loans averaged \$523. In 1968, under federal rules, they climbed to \$699, an increase of 32 per cent.

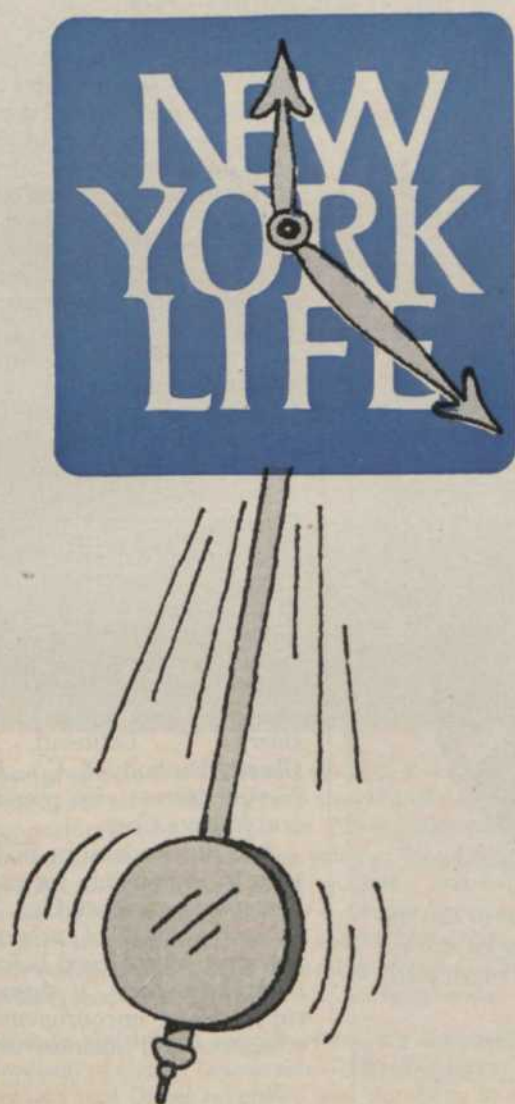
In effect, Washington's rules changed the program from one of loans for need to loans of convenience.

On Washington's terms, a student isn't bright if he doesn't borrow. It's an inexpensive way, for example, to finance a new car. Some students are using loans for just that. In other cases, families that can well afford college costs encourage the student to float a cheap loan instead.

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loans that Washington can guarantee. But there's certainly a limit to the amount the banks can lend.

And federal funds are used merely as a reserve—to guarantee student loans. The money loaned is the bank's money, not Uncle Sam's. As a result, since bank funds aren't unlimited, needy students may be turned away if convenience loans exhaust available funds.

In fact, the total demand for convenience loans is astronomical.

The U. S. Commissioner of Education estimates that three million college students will want such loans by 1972. USA Funds President Marshall points out:

"This could mean loans of \$3 billion a year, or \$12 billion for each college generation. Taking an average payout of seven years, there will be \$23 billion worth of loans outstanding at any one time. That's about one fifth of all the installment credit now outstanding in the United States.

"And this figure is based on HEW's assumption that only about one third of the students will bor-

row. If the rest decide to borrow as well—and under present law there's no reason why they shouldn't—this figure could mushroom to about \$60 billion.

"Of course," he adds, "long before the loan figures get that high, the banks will stop lending. The money will just dry up. However vast their resources, and however great their goodwill, they can't tie up \$20 to \$60 billion in nonprofit college loans."

HEW's rules are likely to lead to a sharp rise in delinquent loans, as well. The District of Columbia now has a student loan plan going that follows HEW's guidelines. To start it, 12 D. C. banks agreed to put up \$400,000. The District government, apparently expecting many delinquencies or defaults, set aside \$100,000 reserve to cover losses.

Thus, under federal rules, the District will provide \$4 worth of loans for every \$1 of reserves. USA Funds provides \$12.50 of loans for every \$1 of its own reserves. (It no longer matches college deposits in its reserve fund.)

In 1964, the General Accounting Office made a survey of 1,000 colleges granting loans on easy, federal-type credit terms. It found a delinquency rate of 16.6 per cent—10 times the rate on similar commercial loans, and 20 times the rate revealed in the USA Funds study.

Now, however, to be competitive, USA Funds must match the federal terms. And in 19 states, it runs a loan program for the states under the federal rules.

Some Congressmen and administration leaders are alarmed at the trend. Advocates of need, not convenience, are urging a change in the ground rules for federal loans.

"This does not mean," USA Funds President Marshall points out, "that only youngsters whose families are poor would be eligible. Some with incomes well above \$15,000 find it impossible to foot the bill for their children's college education—especially with costs climbing and several children of college age.

"But need, not convenience, should be the criterion."

USA Funds serves a useful purpose, its advocates point out, even by simply being in business. Among other benefits, it provides a yardstick of efficiency by which government loan operations can be measured.

It is guided by some of the nation's best business talent. William S. Renchard, chairman, Chemical Bank New York Trust Co., is board chairman; Henry S. Beers, former chairman, Aetna Life & Casualty, is treasurer; Gerard Swope Jr., international counsel, General Electric Co., is secretary.

Its trustees include Harlee Branch Jr., president, The Southern Co.; John Burkhart, president, College Life Insurance Co. of America; Ransom M. Cook, chairman, Wells Fargo Bank; H. Stuart Harrison, president, The Cleveland-Cliffs Iron Co.; Bennett E. Kline, vice president, Corn Products Co.; Barry T. Leithead, chairman, Cluett, Peabody & Co., Inc.; E. B. Newill, former vice president, General Motors Corp.

And its leadership in large measure is responsible for making student loans respectable. Moreover, as an example of private citizens solving a social need before government knew how, it deserves every support and encouragement, many educators and businessmen agree.

END

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# Executive Trends

- Buy—or lease?
- In a costly rut?

## Buy it—or lease it?

Airlines do. Ditto for rail shippers and trucking firms.

Lease, that is.

United Air Lines recently leased six DC-8 jets from a group of New York banks. It was a good deal for both. The banks got cash flow, by taking the depreciation credit. And the airline got jets, without tying up a cent.

TWA's getting \$146 million worth on the same kind of deal.

Union Tank Car's been leasing equipment to haul oil, chemicals, cement, for years. And truck leasing is zooming.

In 1967, about \$1.3 billion worth of equipment was leased. By 1970, yearly total will hit \$5 billion, experts estimate.

Some advantages of leasing over buying are:

- Hedge against inflation, since each year you pay in cheaper dollars.
- Conserve working capital.
- Shift maintenance woes to the lessor.

But leasing isn't always the best answer to your problem. Here are some questions to ask before you decide:

Does ownership involve hidden costs?

How long would the equipment last?

Does it have any residual value?

How much down payment will it take?

Any tax breaks in owning vs. leasing?

"Big corporations know when it's advantageous to lease," says Donald

H. Metz, business executive and author of a definitive manual, "Leasing Standards and Procedures."

"Now, smaller businesses are catching on."

## Most costly words in business

One expert says the costliest words are these: "But, we've always done it that way."

They're the reason why many executives pass up profitable chances to please customers—or pare costs, M. T. Hoversten, publisher, Enterprise Publications, Chicago, Ill., charges.

To get out of that rut, he suggests ask yourself these questions:

- Is this action necessary?
- Can we improve, combine or eliminate something?
- Can other materials be used?
- Can we buy it cheaper by ordering in a different quantity?
- Can we use new techniques or equipment?
- Will it up productivity?
- Will it use manpower more efficiently?
- Will it prevent waste, cut costs or save time?
- Will it improve customer relations, safety or methods and procedures?
- Can we reduce the size?
- Can we use standard forms or equipment?
- Will the idea benefit the customer?
- Will it reduce costs?

If you don't find new and better ways to do things, he warns, a competitor will.

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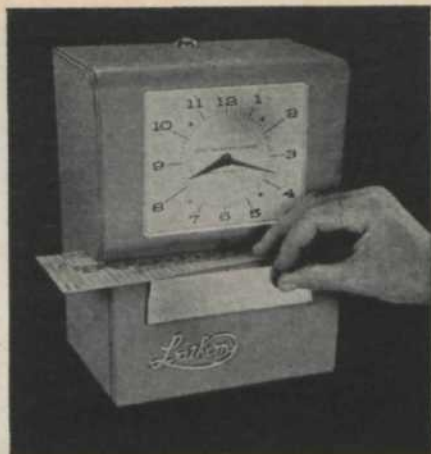
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NEW ORLEANS	14	3 hrs. 15 min.	2.05	2.35	2.70
MOBILE					
PITTSBURGH	12	2 hrs. 45 min.	2.00	2.25	2.65
CLEVELAND					
DALLAS	11	7 hrs. 15 min.	2.10	2.40	2.70
SAN ANTONIO					

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## "In this hour of division and doubt"

BY PETER LISAGOR

If a capital can be said to have a nervous system, Washington's has been bombarded with a trip-hammer intensity in recent weeks. With Lyndon B. Johnson's announcement he could do without a second term and Dr. Martin Luther King, Jr.'s assassination and the resulting rioting, the capacity for surprise has been virtually satiated.

The President's action had its precedents in Theodore Roosevelt, Calvin Coolidge and Harry Truman. But it so defied the odds, and seemed so out of character for a man who relishes power, that official Washington reeled from shock for quite a while. The pundits fell into a glassy-eyed torpor. Even the computers around town found the rapid-fire sequence of events indigestible.

After Bobby Kennedy got into the Democratic race and Nelson Rockefeller got out of the Republican contest then back in again and LBJ combined a peace initiative with his sensational withdrawal, most of the political forecasters simply put up signs saying they were closed during alterations. One, who has never been at a loss for an opinion or a prophecy, stammered that he was going "to take a stiff drink and go to bed for the summer."

But the traumatic developments were only beginning, nothing was foreclosed, as Dr. King's death proved.

• • •

The President probably was never more credible than when he announced he would not seek re-election, but suspicion of his motives goes so deep that many thought this was another Johnson trick or ploy, calculated to make the Democrats come to him pleading that he change his mind.

The President was annoyed by the suspicion, but in confiding moments he adopted an attitude of resignation, saying that if he recited the Lord's Prayer, some people would find fault with it. In the reflective aftermath of his decision, he said that what America



*The 1968 Presidential race is more of a jigsaw puzzle than ever, now that LBJ says he is out of the contest.*

needed, in this hour of division and doubt, was probably a Winston Churchill; he candidly acknowledged his own inability to unite the country and soothe the public's tortured frame of mind.

In his mirror's view of himself, he saw a man who had enjoyed life and had no real complaints about what fate had dealt him. He still rates his days as Senate Majority Leader as his happiest, and has thought that he would like to be a U. S. Senator from Texas for life.

• • •

As a man who has been psychoanalyzed by the press more than any other living figure, with the possible exception of Charles de Gaulle, the President's Texas roots probably had as much to do with his outlook and decision as anything else. Or so many analysts believe. In some ways, they argue, Mr. Johnson felt himself an alien in the White House. He was in his element in the Senate, which was dominated by powerful Southern politicians, and where he could operate without having every move and motive spotlighted and dissected.

But as President, he never quite felt comfortable with the Eastern Establishment and the intellectual

*Mr. Lisagor is the White House correspondent for The Chicago Daily News.*



set, and bore the air of a man at bay. He was convinced from the outset that the Kennedy family resented him. He harbors a deep streak of self-pity, and that led him to conclude that his good works would never be fully appreciated.

It was this quality of seeing things in intensely personal terms that caused many observers to question his motives in rejecting a second term. They couldn't bring themselves around to the belief that he could act in a higher national interest by removing himself as a symbol of contention and divisiveness to promote a peace in Viet Nam, if that were possible.

If his retirement plans stick, he has thrown the Democratic Presidential race open to a possibly wild scramble. And he has given the Republican opposition food for thought. They had reasoned that he could be beaten in November because of his unpopularity in the public opinion polls, stemming mainly from Viet Nam. The Democratic Party was in disarray, and he was being challenged by two Senators in his own party, Robert F. Kennedy and Eugene McCarthy. He had ignored the details of party organization to the point that he lacked a loyal and enthusiastic body of supporters.

The President's withdrawal from politics left Republicans wondering if they had, in former Vice President Richard M. Nixon, the right man to capitalize on the confusion in Democratic ranks. The so-called moderates in the G.O.P. still hoped that New York's Gov. Nelson A. Rockefeller would somehow win the nomination.

Nixon has moved steadily upward, however, and to many Republicans, only a bad showing in the polls in July could reduce the esteem in which he is held by party leaders and threaten his front-running position. They think Nixon has overcome the "loser's image," and that in his seasoned maturity he has shaken the habit of reacting uncertainly under pressure. They don't expect him to make the kind of mistakes that would raise anew old doubts.

His Viet Nam position still hangs heavy over Nixon, as it does over Bobby Kennedy on the Democratic side. Some Republicans, anticipating that peace talks will be under way when the campaign finally gets rolling, have urged the party to make its case, not on the one issue of war and peace, but on domestic issues. Their trouble is that they might not have a stable target unless Vice President Hubert Humphrey should fall heir to the LBJ mantle. For Kennedy, should he make it at the Chicago convention in late August, can be expected to run on anything but the Administration record.

In fact, Kennedy has been sounding more and more like a Republican with his emphasis on the private sector to rehabilitate the cities and his theme that many affairs now pre-empted by the federal

government should be returned to local responsibility. G.O.P. strategists believe that Kennedy cannot escape his record, however, and that at bottom he will be shown to be cast in the Democratic mold. Unsaddled by any links to the Administration, the New York Democrat will have considerable freedom of action in shaping the issues. The same is true of Nixon, who had trouble as the G.O.P. Presidential nominee in 1960 in disassociating himself from the Eisenhower Administration he served for eight years and establishing independent positions of his own.

Any prognosis is risky, about men or events. Rarely in American history has the political situation been as fluid as it is today. No one can foretell the turn of events. The ferment here and abroad is so great that by the August conventions of the two major parties, all present calculations could be invalid.

Washington moves about like a man treading a field of land mines, hesitant, uncertain, not a little fearful. Dramatic upheavals seem to be the rule, not the exception, and men conjure up all sorts of possibilities.

What if another Castro suddenly emerged in the hemisphere or the Middle East went up in smoke? What would happen if Ho Chi Minh should die or Mao Tse-tung passed from the scene in China? What would be the political consequences if several U. S. cities were simultaneously gripped in sustained rioting at the time of the nominating conventions?

It's a grisly game anybody can play. Few predicted that President Johnson would voluntarily turn aside an opportunity to vindicate himself, especially with a Kennedy assailing his leadership and policies. In any election campaign, the imponderables are often numerous and intriguing.

Political experts believe that the unrest in the cities may turn out to be the dominant campaign issue. It is hard at best, impossible at worst, to measure the scope of the "backlash" among white people to the destructive rioting and looting.

Some authorities are apprehensive that a confrontation between the races, which was avoided in the first waves of violence following Dr. King's assassination, could not only change all current calculations in the presidential race but also lead to the brink of apartheid in this society.

This capital got its first taste of the tyranny of fear that accompanies widespread burning and mindless looting as federal troops and National Guardsmen joined D.C. police in patrolling the streets. A curfew which emptied the streets at the dinner hour gave the city an eerie feeling. But more than anything else, it reminded federal officials that all the dire prophecies about the drifting apart of the races could materialize.

The political candidates had to balance off appeals for a reconciliation with stern warnings that violence is intolerable. None could know with any assurance what chord to strike or how to cool the fevered brow of the nation.

The fast-moving state of affairs here has brought upon Washington an air of fatalism, a sense of being borne along on a whimsical, sometimes zany course.

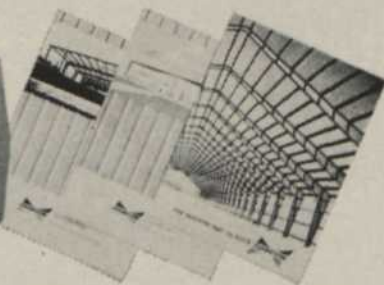


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## That other dramatic Presidential campaign of '68

BY FELIX MORLEY

Any who think that current political confusions and excitements are unique should reopen their American history books. Present rivalries, upheavals and uncertainties are no more dramatic than those which racked the country during 1868.

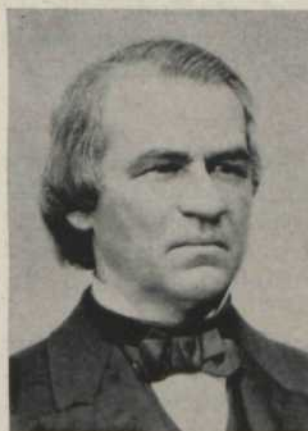
In May of that year, exactly a century ago, the Senate was sitting in extraordinary session to determine whether the only President of the United States who has ever been impeached should be expelled from office. Curiously, he was a President Johnson—Andrew Johnson. Even more curiously he also had been elevated from the Vice Presidency when his predecessor, Abraham Lincoln, was assassinated.

The effort to oust the former President Johnson, and disqualify him from "any office of honor, trust or profit under the United States," is not one of the happier episodes on our national record. The change of a single Senate vote would have driven the President from the White House. That summer it was, of course, impossible to nominate President Johnson, though shortly before his death in 1875 he was triumphantly returned to the Senate from Tennessee.

• • •

Behind the impeachment of Andrew Johnson was, though in different form, the same issue that slowly aligned much of Congress against Lyndon Johnson's leadership. Then, as now, the controversy was over the scope of executive vs. legislative power. This year the argument has been whether or not the President should cooperate with the Senate in making major decisions on the Viet Nam war. In 1868 the issue was whether or not the President should consult with the Senate in reconstruction after the Civil War.

Before Lincoln was struck down he had made clear his policy towards the defeated Confederacy. Since the North had fought primarily to deny the asserted right of secession, it was reasonable to conclude that the defeated southern States had never



*Only the courage of Sen. Edmund Ross (right) saved President Andrew Johnson (left) from unique disgrace.*

legally left the Union. On this assumption their rights as States should be restored, and military government terminated, as quickly as possible. President Johnson, himself a Southerner who had opposed secession, supported this magnanimous attitude.

But it was anathema to the "radical" Republicans who at the close of the war firmly controlled both Houses of Congress. They wanted permanent humiliation for the fallen foe, a policy unswervingly directed by Senator Ben Wade of Ohio and Representative Thaddeus Stevens of Pennsylvania.

As their hostility to Andrew Johnson developed, it became clear that the long-range objective of the Radicals was revolutionary. They proposed to reduce the independence of the Presidential office and make its holder continuously subject to the Congressional majority, as is the Prime Minister in the British parliamentary system. And if Johnson were ousted, Wade, as president *pro tem* of the Senate, would have moved automatically to the White House.

This objective was feasible because the war had greatly weakened the Democratic Party and because few moderate Republicans dared to oppose the dominant Radical bloc. Moreover President Johnson, who

*Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.*



## TRENDS: STATE OF THE NATION

was oversure of his own rectitude, played into his opponents' hands. He curtly vetoed measure after measure passed by Congress and though many were then enacted over his veto, the Wade-Stevens team could not always be sure of two-thirds majority.

Therefore at first the Radicals concentrated on consolidating their position by hastily admitting new western States, by keeping the South disfranchised and by personal attacks on President Johnson which passed all bounds of decency during the Congressional campaign of 1866. That election brought to the Senate, from Kansas, Edmund G. Ross, a self-declared Radical who in 1956 was selected by the then Senator John F. Kennedy as one of the political heroes whose story he told in his "Profiles in Courage."

Thus reinforced, the enemies of the President prepared to strike. Soon Mr. Johnson gave them the desired pretext by demanding the resignation of his Secretary of War, Edwin M. Stanton, whom he suspected (with good reason) of conspiring with the Radical leaders. On Feb. 24, 1868, the House passed by a big majority a Resolution of Impeachment.

• • •

Impeachment of the President, as well as of lower officials, was provided by the Founding Fathers because they feared that his great powers might lead towards personal dictatorship were this safeguard lacking. There are three separate definitions of the process in the Constitution.

Article II, Sect. 4, says: "The President, Vice President and all civil officers of the United States shall be removed from office on impeachment for, and conviction of, treason, bribery, or other high crimes and misdemeanors." Article I, Sect. 2, gives the House "the sole power of impeachment." The immediately subsequent section provides that: "The Senate shall have the sole power to try all impeachments." It further specifies that: "When the President of the United States is tried the Chief Justice shall preside; and no person shall be convicted without the concurrence of two thirds of the members present."

Impeachment by the House is therefore only an indictment. To complete the process requires trial and conviction by the Senate. In the case of President Johnson there were 11 separate charges, mostly based on the somewhat arbitrary dismissal of Secretary Stanton. The final charge was a summarization of all the alleged "crimes and misdemeanors." This the Senate of 1868 decided to take up first.

While President Johnson refused to appear he was represented by able counsel. Chief Justice Salmon P. Chase presided impartially over the trial, which opened March 5 on the floor of the Senate, with packed galleries throughout. National excitement had built up to fever heat when, on May 16, 1868, the time for the fatal vote arrived. There were then 27 States in good standing and every one of their 54 Senators was present. Grimes of Iowa, who had been lately paralyzed, was brought in on a stretcher.

The Radicals were none too sure of the success which was crucial for their plans. All 12 Democratic Senators were opposed to the impeachment. Of the 42 Republicans six had indicated, at a party caucus, that they found the evidence against the President inconclusive. This left the 36 Radicals, including Ross, who were in favor of the ouster. It was enough for the requisite two thirds, but only just enough.

Throughout the trial the well-organized Radicals had done everything possible to stimulate hatred of President Johnson and it must be said that the press, at least outside the South, abetted them. All who opposed the impeachment were denounced as "traitors." And the record shows that not one Republican who voted for acquittal was again elected to the Senate.

When the roll call, taken alphabetically, reached Ross there were already 24 votes of "guilty." As he wrote later: "I almost literally looked down into my open grave." And yet, so looking, he broke the hushed silence with the words "not guilty." By this single vote the impeachment failed, not because Ross had any taste for Johnson but because, in the Senator's words, by acquittal "America would pass the danger point of partisan rule and of that intolerance which so often characterizes the sway of great majorities and makes them dangerous."

• • •

All this was just a century ago, at the same stage of a Presidential campaign that we have reached today. At the Republican Convention that summer the embittered Radicals nominated General Grant, who was to serve two terms as President with much less distinction than he had shown on the battlefield. There was some Democratic sentiment for naming poor Andrew Johnson to head that then feeble party, but the President discouraged it. So Horatio Seymour, New York's wartime Governor, was chosen instead and made a surprisingly good showing at the polls. But Grant received 214 of the then 294 electoral votes.

It is the moral courage of Senator Ross that the late President Kennedy, while himself a Senator, thought it important to memorialize. And this is well supplemented in the preface written for his book by historian Allan Nevins. "We may add," says Nevins, "that before there can be much character and courage in Congress, there must be a good deal of it in the American people."

The frantic period that followed the Civil War was perhaps more menacing to our political system than was the war itself. Extremism blossomed in that period of great psychological strain. It was illustrated by the ill-judged effort to humiliate and disgrace a President whom we now recognize as a wholly decent if not a distinguished man. Fortunately, though by the narrowest margin, the sense of balance that keeps this Republic on an even keel was then triumphant.

There are no exact parallels, between the hectic campaigns of 1968 and 1868. But the outcome of the former will be the happier if, under comparable strain, we also place true patriotism above emotional feeling, as did Senator Ross of Kansas at the crucial moment a hundred years ago.



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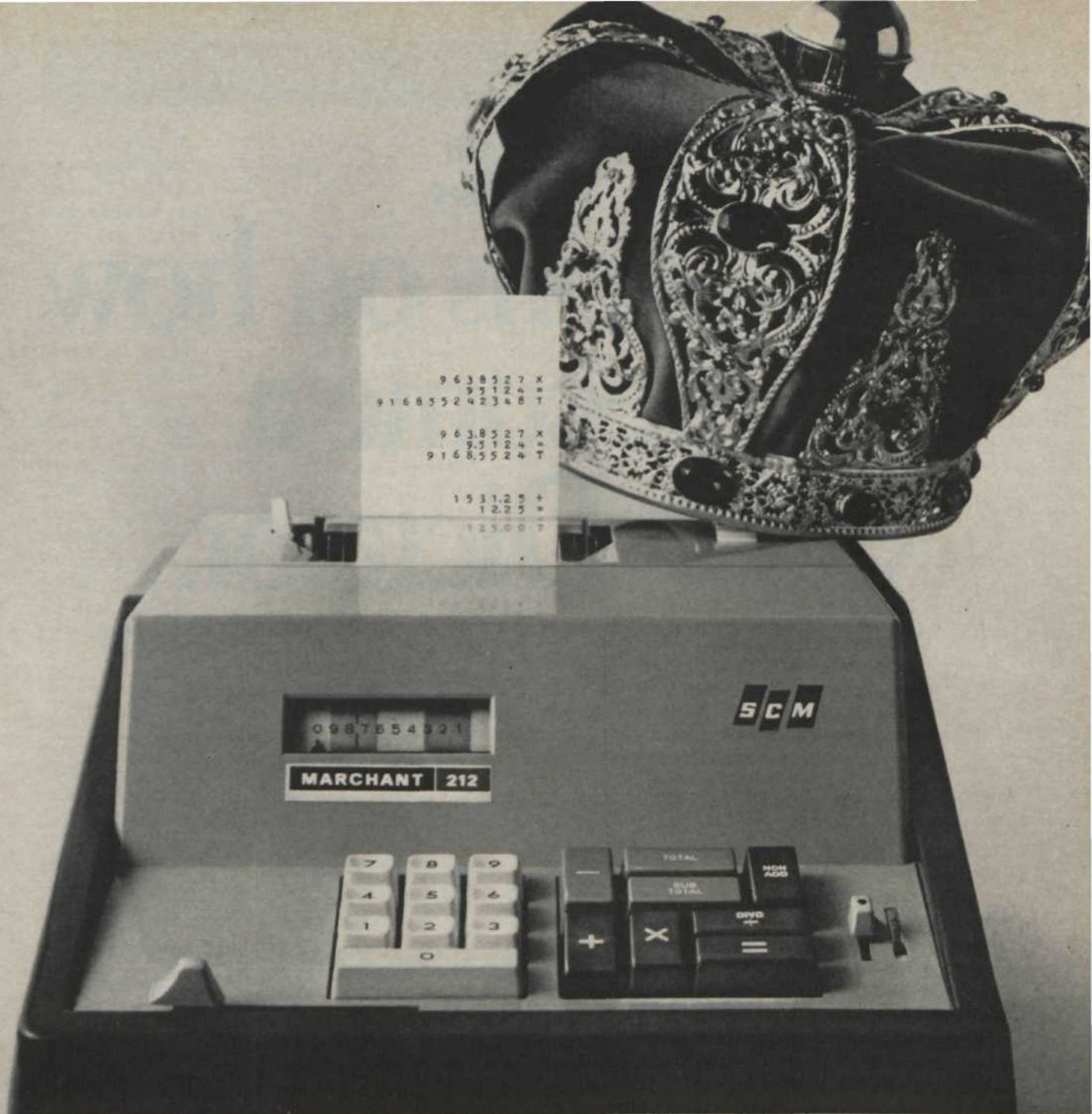
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## The words don't go with the music

BY ALDEN H. SYPHER

The fiscal irresponsibility in Washington disclosed by the gold crisis is nearly too great to believe.

If it is not incredible irresponsibility, it must be colossal ineptness.

If neither of these, spectacular carelessness.

One thing it is not, and that is ignorance.

Call it what you will—the result is the same: Washington has lost control of the nation's financial affairs.

Influence and leadership in American fiscal matters comes these days, not from the White House, but from Europe.

Confidence in American leadership has come crashing down to a point where a run on the dollar became a logical and likely way to make money, in the minds of many men throughout the world.

The dollar has been saved so far not by LBJ, nor his administration, nor the Congress of the United States.

The influences that started the run, that checked it, and that will affect your taxes, and therefore your income, for years to come, all come from Europe.

These influences come from countries that 25 years ago were exploding and burning in the devastation of World War II, or bordered on countries that were. They are lands or border on lands that 20 years ago were starting to rebuild amid the half-cleared rubble—with American help.

In that short time they have conducted themselves so much more wisely than we have, so much more responsibly, that now they come to our aid.

From West Germany, Belgium, Italy, Britain, Switzerland and The Netherlands the heads of banks responded to a hurried call from Washington to check the run on gold and thereby save the dollar.

They brought no money, but they did bring cooperation and advice.

The advice was the same that prudent men here have been offering for many years—the simple advice that national solvency can not be maintained if the nation's political leaders continue to spend far

more than they take in. Such suggestion had little appeal to leaders who assumed a responsibility to police the world with American troops, to strike at aggression wherever it occurs, to rebuild cities and eradicate poverty at home and to send billions



Confidence in the dollar hit a new low in Paris when the price of gold hit a new high—7,000 francs a kilo.

of American dollars abroad to ease the burdens of others.

• • •

But now there's a difference. Years of overspending have caught up with the dollar. And our European friends hold a big stick: The price of their cooperation is fiscal responsibility in Washington.

It was Charles de Gaulle, the General who never won a battle, who brought the run on the dollar to the crisis stage. But to blame the run on the aging egocentric of Paris would be to overlook the real cause—the weakness of the dollar that made the run possible.

De Gaulle nearly succeeded in wrecking it. For the first time in modern history, Americans in Madrid, Paris, London, Rome and Hong Kong were refused local money for U. S. dollars on the grounds that the American dollar was of too uncertain value. The money changers just didn't want to take a chance on

Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.



## TRENDS: RIGHT OR WRONG

it. The refusal was temporary. De Gaulle didn't win that first round. But he almost did.

Then came counter-influences from more friendly European nations. Karl Blessing, president of the Bundesbank of West Germany, proposed the two-price system for gold that brought a temporary halt to the run on the dollar. He had the close support of Guido Carli, governor of the Bank of Italy.

It is interesting that Blessing had lived through inflation in Germany that reduced prudent persons to poverty by washing away values.

And that Carli brought Italy through a financial crisis in 1964, when the value of the lira was questioned. Carli got a \$1.2 billion line of credit in Washington to help stabilize the lira, then forced his government to cut spending and add new taxes.

So it is not at all surprising that our financial friends from abroad in emergency meeting in Washington attached some quite clear conditions to their cooperation to help save the dollar—that Washington put its own house in order.

The governors of the central banks of the seven European nations that came to help us save the dollar made sure that Washington's promises got on the public record when they issued a statement at the close of the meeting. "The governors noted," they said in their statement, "that it is the determined policy of the U. S. government to defend the value of the dollar through appropriate fiscal and monetary measures and that substantial improvement of the U. S. balance of payments is a high priority objective."

• • •

Which means a budget in or near balance. In other words, lower government spending or higher taxes, or both.

That is a solution which hardly needed to be imported. Wise men here have been urging it for many years, but have found few listeners in Washington.

Our government has been spending more than it takes in since 1961—and the surplus that year was the first in many.

Any unit, government or family, that continuously spends more than it receives goes deeper and deeper into the hole.

The record shows that President Johnson has been well-informed on the dangers of overspending. In his message last Jan. 29, he issued this warning:

"We cannot do everything we wish to do. And so we must choose carefully among the many competing demands for our resources. . . .

"Even after a rigorous screening of priorities, however, the cost of meeting our most pressing defense and civilian requirements cannot be responsibly financed without a temporary tax increase. I requested such an increase a year ago. On the basis of changed fiscal conditions, I revised my request in a special message to Congress last August. I am renewing that request now.

"There is no question that as a nation we are strong enough, we are intelligent enough, we are productive

enough to carry out our responsibilities and take advantage of our opportunities. Our ability to act as a great nation is not at issue. It is our will that is being tested.

"Are we willing to tax our incomes an additional penny on the dollar to finance the cost of Viet Nam responsibility? Are we willing to take the necessary steps to preserve a stable economy at home and soundness of the dollar abroad?

"One way or another we will be taxed. We can choose to accept the arbitrary and capricious tax levied by inflation, and high interest rates, and the likelihood of a deteriorating balance of payments, and the threat of an economic bust at the end of the boom.

"Or, we can choose the path of responsibility. We can adopt a reasoned and moderate approach to our fiscal needs. We can apportion the fiscal burden equitably and rationally through the tax measures I am proposing.

"The question, in short, is whether we can match our will and determination to our responsibilities and our capacity."

• • •

Why did this apparently clear warning go unheeded?

Because it accompanied the biggest federal budget in history—sponsored by the President who was lecturing on responsibility—a budget with a deficit of \$20 billion. Or \$8 billion with the tax increase the President proposed.

The words didn't go with the music.

That's when Rep. Wilbur D. Mills of Arkansas, chairman of the House Ways and Means Committee, decided to remain sitting on the tax proposal until LBJ pulled his budget at least part way down to earth.

Nor did the President add much to his fiscal stability a few days later when he referred in his economic report to his New Year's Day restrictions on U. S. corporation investment abroad, in these words:

"The U. S. balance of payments deficit—a chronic problem since 1957—worsened in 1967 after several years of substantial improvement. In important measure this deterioration reflected the fears and uncertainties surrounding the devaluation of the British pound in November.

"The same uncertainties also fed a massive wave of private speculation against gold late in the year. This subsided only after the United States and other countries in the gold pool demonstrated their determination—backed by the use of their monetary reserves—not to allow a change in the price of gold.

"In the absence of strong new action by the United States—and by the surplus countries in Western Europe—there was danger that the deterioration of the U. S. payments balance and speculation against gold and currencies might feed upon and reinforce one another in a way that could touch off an international financial crisis in 1968.

"Even if the dangers were remote, the grave consequences of such a crisis for the world economy demanded bold and immediate preventative action.

"That was taken on January 1."

Which could have started the run on the dollar.



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But that's the only way we'd have it. Because we'd rather be embarrassed than sorry.



*"It's about time."*



## HEALTH EXPERT REVEALS NEW LAW'S DANGEROUS DECEIT

The Wholesome Meat Act of 1967 is a fraud. It is an expensive, unproductive extension of bureaucracy and an unnecessary and perhaps unconstitutional invasion of states' responsibilities and rights. More important, the law misleads Americans, if they think it alone will prevent disease and promote public health.

The law was enacted on the basis of half-truths, partial facts and some outright lies. The public has been told to buy only "U.S. Inspected" meats and poultry be-

cause such products are free of disease-producing organisms. Nothing could be further from the truth.

Another similar law covering fish and poultry now seems headed toward passage. The same misleading tactics are now being used by the politicians and professional consumer guardians who back this measure.

Betty Furness and Ralph Nader, two self-styled protectors of the public weal, are the best known on the bandwagon of mob psychologists and public relations experts who clobbered the meat industry.

Now they are after other foods.

The real truth is that, prior to the new law, the American meat industry furnished consumers with an abundance of nutritious, inexpensive meat and poultry. Generations of Americans have grown strong and healthy on these products. They have never caused disease, unless improperly handled or prepared in the home.

The new meat law is not only unneeded, but casts improper doubt on the high quality of the products that packers and processors have furnished the public.

As a result, the average housewife today is so frightened that she will not normally purchase any meat or poultry unless it has been stamped with the two words, "U. S. Inspected," to which she attaches an almost superstitious faith.

Supermarkets have taken the clue, and now advertise they sell only U. S. inspected meat and poultry products. The rabble-rousing techniques, the shrill cries of horror which have been used are regrettable because of the harm done to the consumer, food producer and food processor. It is likely prices of meat will go up and small business-

*The U. S. Inspected stamp that's on meat does not signify what politicians have led the consumer to believe it means.*



OSCAR SUSSMAN, author of this article, is a veterinarian and lawyer with a degree in Public Health from Yale's School of Medicine. He is a former vice president of the American Veterinary Medical Association, former president of the Veterinary Medical Association of New Jersey and of the National Conference of Public Health Veterinarians. He is presently first vice president of the New Jersey Public Health Association and a senior instructor in meat inspection at Rutgers University.

He has been a senior Fulbright professor and a consultant to the World Health Organization.



men will be eliminated because of it.

No present method of U. S. meat or poultry inspection can assure disease-free, noncontaminated raw meat or poultry products. Reliance by the housewife on the U. S. inspected legend alone has, can and will cause countless cases of food infections such as salmonellosis and trichinosis.

### Housewives misled

In none of the testimony on this meat Act, or in the resultant consumer education efforts, were housewives told that there can be hazards to their families in U. S. inspected meats.

Such failure to inform rests squarely on those public health authorities who were silent then and who maintain silence now.

A false sense of security must not be legislated into the public's mind. Under the present system, U. S. inspected meat and poultry products can contain pathogenic organisms. Trichinosis is not eliminated in U. S. inspected raw pork. Salmonellae organisms are presently found in great numbers in both red meat and poultry that are U. S. inspected.

Elimination of such hazards lies

in proper food-processing, food-handling and cooking techniques. The housewife must guard her family against these disease-carrying bacteria.

Proper cooking, of course, kills them.

But the danger is that they may be transferred, in the kitchen, to food that's served uncooked.

For that reason, the housewife must always wash her hands—after handling raw meat or poultry—before touching other foods. And she must always scrub a cutting board or drainboard, which raw meat or poultry has touched, before placing on it salads or other uncooked foods. Preferably she should not use the same surface.

Until newer, scientific meat inspection methods—principally epidemiologic surveillance, including bacteriological monitoring—are introduced, the public must be made aware that raw or partially cooked meats, or meats that are improperly handled after cooking, are hazardous.

This is not intended to frighten those who, like myself, prefer rare beef steak.

Usually the major share of bacterial contamination occurs on the surface of the meat. Searing the

outside normally eliminates the hazard. However, this is not true with hamburger, which could be contaminated throughout the patty. Also with stuffed turkey or chicken, the stuffing acts as an insulator. So the bird should be cooked thoroughly enough to do away with any contamination in the stuffing or innermost part of the bird.

### Under the nose of inspectors

The public should understand that the huge expenditures assured by the new law only perpetuate an outmoded, ineffectual method of carcass-by-carcass inspection.

Recently, in a federally controlled plant in New York City, seven federal inspectors were present when ton after ton of tainted, uninspected horse meat was utilized and sold for human consumption. This, under the very noses of a highly touted U. S. inspectors group and with the "U. S. Inspected" stamp applied.

Also recently, thanks to the cooperation of two state health departments, a U. S. inspected, ready-to-eat sausage product was found to harbor dangerous salmonella organisms. Through cooperative efforts of industry and local and state health departments, pro-

*American packers and meat processors have been furnishing families with an abundance of nutritious and inexpensive meat for generations, but you'd never know it from some propaganda coming out of Washington.*





cedures were changed in the U. S. inspected plant to eliminate the problem.

In the Congressional hearings on the Wholesome Meat Act of 1967, no mention was made of these and similar incidents. These were the same hearings where many false horror stories were exploited, pointing up the supposed need for passage of the Act.

Salmonellosis, a widespread infection of animals and man, is caused by an organism which abounds in nature.

It can be brought under control in animals used for food through a surveillance and action program initiated with vigor at the farm level.

A significant percentage of the U. S. inspected meat and poultry eaten in the United States regularly contain some organisms of this group that can cause human illness.

Dr. Arthur Wilder in the *New England Journal of Medicine* showed recently that 50.8 per cent of U. S. inspected poultry were contaminated with salmonellae while only 48.7 per cent of uninspected poultry were contaminated. Thus, the harm to the consumer in blind reliance on U. S. inspected products is beyond calculation.

At the 1965 White House Conference on Health, I stated:

"Inspection of meat in the United States by even the most competent veterinarians—and I speak as a veterinarian—cannot provide assurance that meat is free from salmonella, because salmonella organisms cannot be seen by anyone unless a microscopic and bacteriological examination is made.

"We could reduce salmonella infections if more housewives learned that eggs, poultry, and meat have to be handled with circumspection in the kitchen.

"The housewife must learn, if she does not now know, that if she handles raw poultry or meat, she must wash her hands thoroughly before she deals with something else; and that she must not put salad or other materials on an unwashed drainboard that has previously accommodated uncooked fowl and meat.

"If more of our housewives will remember this, there will be fewer cases of salmonella poisoning."

Proper precautions will prevent trichinosis. This is a disease spread to man by the eating of raw or insufficiently cooked pork.

Trichinae—organisms that cause

the disease—cannot be seen by the U. S. inspector at the time he checks the carcass.

Therefore, even if trichinae are present, it is passed as U. S. inspected meat.

Many housewives have the false impression that all U. S. inspected pork is free of disease and therefore does not have to be thoroughly cooked.

Nowhere in the high pressure public relations campaign used in passing the Act was the housewife told the truth.

#### **Safer than they said**

During the debate on the Wholesome Meat Act of 1967, its proponents, with great success, tossed out the names of a variety of diseases, such as tuberculosis, leptospirosis and brucellosis for public horridification.

The proponents did this in spite of the fact that no one has ever demonstrated that even one case has been spread to man in the United States by consumption of meat.

Despite this, one federal official, described them as diseases "which can be transmitted through meat and constitute a direct potential threat to human health."

During the Congressional debate, Congressman Thomas S. Foley asked for information on diseases caused by unwholesome meat. In a letter from W. B. Rankin, the Deputy Commissioner of the U. S. Food and Drug Administration, he was told:

"Among the 80 animal diseases which may be transmitted to man, there are those which can be transmitted through meat and constitute a direct potential threat to human health. These include bovine tuberculosis, brucellosis, leptospirosis, salmonellosis and several others."

Since Congressman Foley's request was made with regard to meat inspection activities, Deputy Commissioner Rankin's reply indicated that these diseases can be prevented by U. S. meat inspection methods.

Since not one case of tuberculosis, leptospirosis or brucellosis was traced to consumption of U. S. inspected meat he would be 100 per cent correct.

He would also be 100 per cent correct if he had said not one case of tuberculosis, leptospirosis or brucellosis was traced to consumption of non-U. S. inspected meat. As for salmonellosis both U. S.

inspected and noninspected meats and poultry are equally capable of causing human illness if handled improperly.

As it stands, his reply was misleading to Congressman Foley and to the meat consuming public.

#### **Before new law passed**

Prior to passage of the Wholesome Meat Act of 1967 interstate meat packers were subject to inspection by the U. S. Department of Agriculture. Meat packers whose products did not move interstate were not included in this program. Most states developed meat inspection programs which complemented the federal program.

Knowledgeable observers reported vast differences among the states; some states had excellent programs; some were poor. State programs had been conducted by State Departments of Agriculture or State Departments of Health.

Some cities filled the gap by developing municipal meat inspection programs. But no epidemiologic evidence had accumulated anywhere which indicated, because of human health illness factors, the need to further extend the U. S. meat inspection system to include the intrastate meat packers.

Evidence was and is available to the contrary.

There is also evidence of a need to overhaul and re-evaluate the present, carcass-by-carcass methods of the federal meat inspection system.

Under it, the U. S. inspector must determine—in as little as two seconds—the wholesomeness and freedom from infection of the meat of a chicken, cow, sheep, or pig that we are to eat.

It is, of course, impossible to do.

This type of inspection is unnecessary, and perhaps dangerous, because it breeds complacency against disease that may actually be present.

Public Health workers know of not one case of tuberculosis, brucellosis, salmonellosis or trichinosis that could have been prevented by looking at the carcass of an animal. Their views were not asked for, nor—in the few instances when made available to Congress—were they heeded.

The public and the Congress were stampeded into the 1967 Meat Act by a skillful and emotional exercise in publicity, but not by facts.

The Act will cost taxpayers dol-



lars somewhere in the vicinity of \$200 million annually. It requires a federal inspector to be stationed at every private meat plant in the country—a great expense that adds nothing to the consumers' protection.

In fact, the public would benefit more by increasing health education for people responsible for kitchen management in the home, restaurants and public institutions.

The Act requires states to develop meat inspection programs at least equal to that of the U. S. Department of Agriculture. The federal government will assist in financing such programs up to 50 per cent, if the funds are made available by Congress.

Under the Act, the federal government will inspect the inspectors to be sure the state programs comply with federal standards.

If any state fails to comply within two years, the U. S. Department of Agriculture may then take over.

The question can and should be raised as to why any state should establish a new program with many new positions and pay half the cost, just to run it under federal supervision. It would be much less expensive for the state government and state taxpayers to default, and allow the U. S. Department of Agriculture to operate the program.

In this way, federal taxpayers will pay the entire cost.

As matters stand now, small packers or processors, subject to state inspection, will have to meet requirements at least equal to federal standards. But if the inspection is made by the state inspector, the businessman cannot sell in interstate commerce.

If the inspection is made by the federal government, however, small packers or processors now confined to intrastate commerce will be able to successfully compete with the large multimillion-dollar giants that have been in the interstate field.

It is intriguing to contemplate why the federal government has never trusted good, efficient, state meat inspection systems. California inspected meat, for example, has not, cannot and will not, even under the new Meat Act of 1967, be permitted across state boundaries or go to a foreign country.

#### **Little inspection abroad**

However, our federal government permits foreign meats inspected by foreign personnel to travel to all 50 states, and will continue to do so. In some cases, this meat has come from countries severely burdened with endemic diseases such as bru-

cellosis and tuberculosis. Thirty-three countries exporting meat to the United States were, up to 1968, checked on for compliance with federal standards by only six men.

Lone inspectors were present in Australia and in New Zealand and required 18 months to visit each of the plants in their territories.

Such protection that was afforded the U. S. consumer certainly was cursory and could have been no better than California supervision.

Had the federal government encouraged the state meat inspection systems in the United States by providing recognition to efficient ones, and by allowing certain state-inspected meats to move freely in interstate commerce, we would not now be faced with a large-scale, expensive and useless take-over by the federal government.

#### **Industry's record good**

In slaughtering and dressing meat, cleanliness and sanitation are, of course, important. In most instances, the American meat industry has a good record.

Both are also important for any other food product prepared for human use. But is the U. S. government obligated or prepared to furnish continuous on-site inspection at every single, food-processing establishment in the United States?

This, of course, is an absurdity.

It would require expenditures more astronomical even than those to which United States' taxpayers have become accustomed.

Sanitary practices, adequacy of facilities, epidemiological and microbiological surveillance can be better handled by a smaller corps of public health sanitarians making periodic, irregular, unannounced visits similar to those made to protect milk and other items of diet in the United States. These techniques have been so effective that virtually no disease outbreaks have been traced to milk or milk products in recent decades.

The precedent set in the Meat Act of 1967 is dangerous. It assumes federal authorities know more, are better equipped and have the public's interest more fully at heart than any state official. It sets the stage for further encroachment by a centralized, federal bureaucracy, eliminating state responsibilities in protecting their citizens' health.

If the precedent is followed, other state programs in areas of health protection or agriculture that do not meet standards decreed by federal bureaucrats could be eliminated. This could result in clean-cut lines

of administrative responsibility from one federal office in Washington to regional federal offices, covering several states and eliminating need for state officials.

#### **A dangerous precedent**

Once this precedent is allowed to stand, the Justice Department may well set standards for state and local police departments. Congress could pass a law providing funds to aid states in reaching the police standards set. Washington could then take over police work in those states failing to comply within two years, as inspection can be taken over under the Meat Act. The Justice Department, regardless of state statutes and state constitutions to the contrary, would then be responsible for all police work in such states.

This Big Brother type of benevolent control is as tough to oppose as motherhood or clean meat. The argument in Congress over the right of a traveler to a hamburger that is safe to eat when he travels from state to state does not really touch on the more significant factors of human illness spread by foods. Congressmen and travelers would be better protected if states were aided in implementing educational techniques and epidemiological methods of investigation with regard to cooked foods served in restaurants, diners and other potential sources of foodborne infection. Congressmen traveling the turkey banquet circuit would be better protected if everyone knew the hazards in handling raw meats and poultry and the proper way to cook foods. Unnecessary, extensive harassment of meat-packing concerns over construction details and inspection should be tempered and weighed with the true facts of food-borne illness.

The meat and poultry industry of the United States should be commended for having produced a product excelled nowhere in the world. It would continue to produce it, without federal intervention.

Consumer food protection activities at federal and state levels should be totally re-evaluated in order to get more for the taxpayers' money. The multiplicity of inspections and crossfires to which the meat, poultry and food industries are now subject—with no concomitant benefit to human health—should be ended.

A Congressional review and investigation is needed to accomplish this properly. It cannot be done by rabble-rousing or inciting the public to gain political ends. **END**



## TACKLING THE TOUGH ONES

A conversation with Winton M. Blount, newly elected President of the Chamber of Commerce of the U.S.A. and chairman of a giant in the construction industry

Prints of ancient Roman viaducts and medieval gothic cathedrals grace the comfortable office of Winton M. "Red" Blount. But don't let them fool you.

From that office Mr. Blount (pronounced "blunt") directs one of the world's most thoroughly modern construction firms. He abides by his own advice: "We have to live in the world of today."

For example, watch Mr. Blount leave on an inspection trip of one of his many large, expensive and unique construction projects.

He walks swiftly out of his national headquarters in downtown Montgomery. He edges his tall, athletic frame behind the wheel of his silver-blue Jaguar sports car and cuts across the Alabama countryside to the airport. There he climbs behind the controls of a DH-125 jet, one of his company planes, and

takes off. This is the man who this month takes the helm of the Chamber of Commerce of the United States of America as its forty-first president.

While Mr. Blount is one of the country's foremost builders, he considers himself primarily a business manager who happens to be in construction.

He is president and board chairman of the multimillion-dollar Blount Brothers Corp., which he built from scratch.

Blount Brothers has landed some of the biggest and toughest contracts in the country over the past 17 years. They include atomic research facilities at Oak Ridge, Georgia Tech and the National Bureau of Standards; the Atlanta airport terminal; Cape Kennedy's Saturn launch complex with a 400-foot steel tower that moves on rails;

an "indoor ocean" for research by the U. S. Navy; missile defense installations in six states; a 250-foot-deep propulsion engine test cell; Cleveland's underground convention center and mall; the Marion, Ill., federal maximum security prison that replaced Alcatraz and a wide variety of complex industrial projects.

Mr. Blount has injected into the construction industry some of the most up-to-date management techniques. He is sending his entire top management, one by one, to the 13-week Advanced Management Program at Harvard Business School.

Mr. Blount is also board chairman of Benjamin F. Shaw Co., piping contractors of Wilmington, Del., a Blount subsidiary, and Gulf American Fire & Casualty Co., Montgomery, and a director of three other southern companies. He is a









NASA PHOTO

Among the extraordinary jobs that the Blount firm has undertaken have been the complex facilities at Cape Kennedy, Fla., and a space lab at Sandusky, Ohio. The launch complex was named the "Outstanding Civil Engineering Achievement of 1966." The \$25 million space project that's shown below will allow the National Aeronautics and Space Administration to simulate outer space for the testing of nuclear-powered equipment. A concrete chamber enclosure is 130 feet in diameter and 150 feet high with a 120-foot aluminum inner vessel.





## TACKLING THE TOUGH ONES *continued*

trustee of Southern Research Institute and the University of Alabama.

He is a past president of the Alabama State Chamber of Commerce and chairman of the Manpower Training and Development Advisory Panel of the National Chamber.

Four years ago Mr. Blount completed a handsome Georgian-style home on a hill overlooking his 60-acre estate, "Wynfield," in the outskirts of Montgomery. It is not far from where he plans to build soon a new headquarters for Blount Brothers.

Mr. Blount's wife, Mary Katherine, is busy these days raising magnolia trees right from the seeds. She plans to plant a row of magnolias some day along the Wynfield property line. The Blounts have five children, Winton M. Blount III, 24, and married; Thomas A. Blount, 22; S. Roberts Blount, 20; Katherine Blount, 15; Joseph W. Blount, 12.

Mr. Blount holds great admiration for the craftsmanship of the ancient builders whose works have survived 700 years and more. That explains the prints in his office, where *NATION'S BUSINESS* editors interviewed him.

As Mr. Blount spoke, he often leaned forward and, with a pencil, ticked off points deliberately on his fingers. He expresses conviction that today's businessmen are helping to build a more solid America which will last longer than any structure.

**Mr. Blount, what was the first money you earned?**

I worked at taking up a railroad when I was about 10 or 11 years old, I believe. My father owned a short-line railroad and they were dismantling some 30 or 40 miles. I worked during the summer as a laborer helping take up the rails and crossties.

**Did this give you the idea to go into construction, or when did you decide?**

No, I don't think that did. During the time I was a teen-ager, my father had gotten into the materials business: asphalt, paving materials, sand and gravel. He was selling to contractors, so I used to ask him: "Why don't you get in the contracting business?"

We lived in a little town named Union Springs, which is about 40 miles from Montgomery. He would come home from highway contract

lettings, and I would hear him talk about various people—people I have gotten to know since—a man named Barinowski, who was prominent in the materials business, and a man named Roquemore.

And both of those names, I don't know why, sounded romantic to me as a 15-year-old. So I got interested in the business.

That's when I really thought about being a contractor. Actually I wanted to be a lawyer first.

**Did you study law at the University of Alabama?**

No. George Andrews, who is now the Congressman from the Third District of Alabama, and has been since '44, was a very close friend of my father and mother. I played hooky from high school to go hear him try cases. He would invite me by his office to read his law books; and I really wanted to be a lawyer, but I never followed that up. I got interested in construction.

**And when did you actually go into contracting?**

I went to the University of Alabama for a year and a half, and then ran an asphalt plant for my father in 1941. I was about 20 years old.

Then the war came and I went into the service in January of '42. My father died during the war, and when I got back, his sand and gravel business had run down pretty dramatically. So my brother and I tried to get started building it up.

We were trying to buy some surplus equipment. We really didn't know much about what we were going to do. Actually, we were just stumbling around.

But we found out how to go through the red tape of buying surplus property in Atlanta, and we were able to buy a crane and some Euclids for use in the sand and gravel business.

Then one day I visited Atlanta—this was in the spring of '46—and the surplus property people told me we could buy four D-7 Caterpillar tractors and scrapers, all new, for \$28,000.

I bought them on the spot, though I didn't know what to do with them.

I came home that night and told my brother what I had done.

He asked, "What are we going to do with that stuff?"

I said, "We are going in the contracting business."

And that is the way that we went into it.

**You have a reputation now for bidding the off-beat jobs; why do you go after this type of project?**

Well, from our first wind-tunnel job in Tullahoma, Tenn., we got more and more involved with more difficult jobs, and we finally decided that we could utilize the brains and abilities we had here better by going after the more difficult jobs, by analyzing them better, finding out what their risks were and evaluating those risks.

As a result, we were able to get more for our efforts. That is the reason we moved on in this type of project. This is our philosophy today, to get into the more difficult jobs.

**What are your current projects?**

We have a \$26 million lock on the Ohio River. We have a multi-million-dollar plant which covers 15 acres for Deere & Co. in Moline, Ill. We have a large project in the final stages of completion at Sandusky, Ohio, for NASA. They will use it to simulate conditions in outer space. Inside a large chamber they are going to fire a nuclear propulsion engine and find out how it would work in the conditions of outer space. We're just completing Lockheed's C-5A Engineering Test Center in Marietta, Ga., and there are approximately 10 other major projects under way.

**Do you find government contract regulations are getting harder to live with?**

As a general statement that is correct. Right now, the big problem is racial discrimination. We don't have many problems in my company, but I think the industry is going to find itself in tremendous difficulty with the problem of discrimination, because we are caught between the unions and the government.

The construction industry calls and uses the union hiring hall as a reference for its workers; therefore, it has little control over the workers. While we may have all the desire in the world to have nondiscrimination, if the unions don't send us non-whites in the various trades, then there is little we can do about it.

**Do you think the construction trade unions are sincere in their statements that they plan to remedy this?**

Well, we have to take them at their word and hope it is true. I think the problem is that the unions at the national level do sincerely



mean what they say, but they have no control over the local unions where the policies are put into effect.

**What about the problem of rising construction costs? What causes this?**

It is a two-pronged problem. One is that of wage rates themselves. Plumbers, for instance, earn \$7.82 an hour without fringes in the San Francisco area.

The reason for higher rates in our industry was formerly justified on the basis that it was a cyclical industry—employees would work three or four months on a job and then would be out of a job two or three months.

However, with full employment and construction at the high level that it is today, we find the workmen are working 2,000 hours a year. So at \$7.82 an hour, you have plumbers earning \$15,640 a year as their base rate, plus double time for overtime. With fringes the amount paid would be \$18,880, plus overtime.

In my opinion, there is something wrong with our system of values when school teachers get substantially less than that in most states.

The other problem is productivity. It is a fact that productivity in our industry has declined, rather than increased. We have some substantial studies to back that up. We find it all over the country.

I think the industry has to face up to this problem, because customers will not continue to pay this spiraling cost generated through high wage rates and lack of productivity.

**What do you judge to be some of our great domestic problems of today, and what part do you think business leaders have in solving them?**

There are a great number of domestic problems that are fairly well identified: crime in the streets, the need for opportunity for the underprivileged or undereducated or undereducated.

The problems of the slums are real, and I don't think we can ignore them. We have to deal with them.

Businessmen have a responsibility in this area. One of the encouraging things is the way they are facing up to their responsibility by getting involved and helping to solve these problems all over the country.

I really look forward to the time

when the business community itself will identify even more problems before they get to be problems and try to move toward solutions rather than trying to react defensively to some ill-conceived government programs which are politically appealing, but basically unsound.

I just don't think you get at the problem of the underprivileged by giving them a dole or charity. You get at those problems by educating these people, upgrading their skills and giving them opportunity. Unfortunately, too little of the government program is devoted to that sort of thing and too much really just sustains poverty.

**What do you think is the proper role of the federal government in the economy?**

The real role of the government is clearly defined. One, it ought to do those things that the people cannot do for themselves, but that has been expanded so far as to be beyond reason.

Its real role is to provide the climate for the people to do the necessary things for themselves, to insure that the proper conditions are present for the multitude of the American people to make the decisions in the marketplace and in our whole economy to solve these problems.

One of the great geniuses of America is the multiplicity of decisions, and multiplicity of choices, that we have.

Instead of having somebody in the government make a decision and hand down an edict, in an industry for instance, you have hundreds and thousands of businessmen all making different decisions—responding to the marketplace. That is what has brought about our high standard of living and our prosperous economy.

I heard Charlie Wilson, former Secretary of Defense and president of General Motors, tell a story that I think is great.

After General Eisenhower was elected President, he and Mr. Wilson came home from Korea on a ship.

They were talking about how to organize a government.

Mr. Wilson said:

"Being from General Motors, of course, I was expounding the benefits of organization and how you ought to go about this. General Eisenhower said to me, 'I agree with you, Charlie, about this business of organization, but that does

not prevent putting a square peg in a round hole.'"

Mr. Wilson said, "That's true, Mr. President, but it does prevent a concentration of stupidity at the top."

I think that applies to business, it applies to our government; it applies, really, to America.

**What do you see regarding the future of government-business relations?**

I am encouraged in that regard. Government as a whole has come around—and I am thinking now of the past five to 10 years—to seeing more clearly the value of business in helping to solve problems. I think this is going to increase rather than decrease.

You will see a growing respect on both sides, business for government and government for business. That is a healthy thing for the country.

**You spend a lot of your time in civic and political matters; why do you feel that this is important?**

The business leaders of the country really have a great deal to offer the nation in the way of leadership, and I don't think that it should be confined just to business problems. Businessmen are problem-solvers by nature. They ought to be in the public area helping to solve these problems as well as in the private area.

We have great cycles in this country. Go back to the early days of this century and you see the start of anti-business legislation that extended through the Teens and the Twenties. The business community retracted into itself as a result.

Then along came the Depression, with the businessmen completely out of favor. So many businessmen went into a shell and said, "All we are going to do is run our business and not stick our necks out and get involved in public problems." This held through the Thirties and Forties.

Then in the Fifties business began to get involved more and more in public problems, and in the Sixties this has accelerated.

**What do you think about businessmen getting involved in politics?**

That is a vital part of citizenship whatever you are. Again, as a businessman, I believe sincerely that the business people have a lot to offer to the American public because of their decision-making ability.



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## TACKLING THE TOUGH ONES *continued*

ties, whether they be Democrats or Republicans. The country will be better off the more the businessman gets involved in politics.

Businessmen can begin to affect the decisions of the political parties by making an input to the debate that goes on within parties. I think that it is imperative to the future of our system to have businessmen involved, and deeply involved, in the political affairs. I have always done it myself.

### What is your political philosophy?

I suppose you would basically call me a conservative, but I try to think of myself as progressive.

I do not believe that we can live either as perhaps we would like to, or as we once did.

We have to live the world of today; we have to deal with today's problems and we have to face up to them.

I do think that in politics, just as in business, you have to get the best people you can.

Again, I feel that government has a vital role to play. I don't think we should concern ourselves with just criticizing big government. Government is big today because our country is big. There are a lot of areas that government ought not to be in, and we should concentrate on having the government do the things it should, rather than attacking bigness as such.

### What are some of these areas that you feel government should not be in?

I think they are trying to put a Band-aid over the problems of the poor, and they should really concentrate their efforts on insuring that the climate is right for the country to develop, rather than force-feeding people.

I have great sympathy for the underprivileged. We ought to do everything possible to educate them and provide opportunities, go the last mile to help underprivileged children that are undereducated, because they are a lost asset to our country.

If we could somehow upgrade them, get them to the point where they are contributing members of our society rather than detracting from it, look what tremendous opportunities it would create for the country as a whole.

For instance—while I have some strong criticism of the total poverty



PHOTO: VERNON MERRITT-BLACK STAR

*Mr. and Mrs. Blount, on tennis court, with three of their five children—Bob and (below) Joe and Kay. In background, their home, "Wynfield," and their pool house.*

program—the Head Start program really goes in the right direction. I have visited many of the Head Start centers in Montgomery and I can't help but believe that it is a worthwhile effort.

### What do you feel is the responsibility of business in fighting inflation?

Inflation is a very complex problem, of course. Business has a very vital role in the fight against inflation. We have to be sure that the projects we enter are productive projects that are going to add to the nation's economy. We have a responsibility to maintain a reasonable price structure in relation to the cost structure.

All of these things really contribute to controlling the problem of inflation.

If the government would undertake its responsibility, then I believe you would find that business in cooperation with government could lick the inflation problem.

### Of course, business has to make a profit, doesn't it?

Business has no greater responsibility to the American enterprise system than to make a reasonable profit.

Every business failure is lost capital that could be helping to solve our economic problems.

The profit system is the thing that

has made America. It is the incentive system. And the greatest boon to the working man in this country is a profitable industry. He has a more secure job; he has better wages and better conditions under which to work.

The worst thing for the working man is an unprofitable business, because he works under poorer conditions; he has less opportunity for the future; he has all kinds of disadvantages.

### You have often used the phrase "money-making managers." Is this an essential quality of the executive in your opinion?

It is an essential quality in any business. It is a difficult trait to define, but it is a trait that you find when you put people with equal ability and equal experience and equal background in a position and you have different performances. One will be a better money-making manager than the other.

I think it is essential in any industry to find and bring those so-called money-making managers to the top.

### How do you spot them?

Well, as I said, it's a pretty difficult trait to define. Obviously they have to have a lot of ambition, a lot of drive; they have to have basic intelligence. Besides those things, of



course, one of the great things is performance.

How would you describe the main function of managers?

I remember once when another Charlie Wilson, president of General Electric, was in charge of mobilization during the Korean War and was testifying before a Senate Committee. One of the Senators asked how he controlled such a vast program.

He replied he used four principles he had always used and all managers had to use. Whatever the size of the job, no matter how small or how large, if the manager did these four things and did them well, then he could manage any job:

One was analyze; two was organize; three was deputize; and four was supervise.

The fourth point is probably the most important point, supervision.

I heard Larry Appley of the American Management Association say many years later that people will do what management inspects, not what it expects. I agree with that. It ties in with supervision being most important.

Do you find that strong managers sometimes have strong weaknesses?

I think that is definitely true. Of course, no one man can have all the qualities you need. You have to supplement them in today's society. You have to supplement weaknesses with people who offset them.

I agree with the definition of a man with an open mind: If he leans over his brains will fall out. A man has to have a strong opinion if he's going to take his position and defend it.

How do you go about making important decisions?

You certainly try to analyze your problem and get as much information as you can about it.

That is an essential step, because you have to understand a problem before you can solve it.

Then often it comes down to alternatives.

You will find it is a matter of selecting the best answer under the circumstances.

There are many ways to do the same thing successfully; not just one way.

What was your most difficult decision?

Oh, I don't know that I have any one most difficult decision. We have a lot of difficult decisions in this business, and, basically, I enjoy problems. I don't worry about them.



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## TACKLING THE TOUGH ONES *continued*

I get pleasure out of solving problems, actually.

**What are some of the things you hope to accomplish this coming year as President of the National Chamber?**

Well, I am an activist as far as business people are concerned. I believe business belongs in the mainstream of our problems and I hope to try, as the Chamber does itself, to encourage the business community to be more and more involved with the problems of America, helping to try to contribute imaginatively, creatively and innovatively to solving the difficulties we have in this country.

I would hope that we could try to encourage the respect the government has for business and increase that as the years go on.

**Getting back to your own industry, what effect does government have on the quality of work in American construction?**

There are many government construction programs that make a real contribution to quality in construction.

For instance, the missile program, the space program. These things have demands, tremendous demands for quality work, and there is a natural fallout of that kind of quality into construction as a whole.

**You have spoken before of a "spirit of craftsmanship" that is needed as a first step in combating deteriorating quality.**

It is a question of pride in a man's own work. It not only applies to construction, it applies to all industry.

One of the worst things in America is the prevailing practice of paying all the people on a production line the same rate. There is no incentive for one man to be better than the man down the line. It encourages mediocrity and discourages quality craftsmanship, a spirit of one man doing better than the next.

**You have a reputation for using tight controls to accomplish your work. What methods seem most successful?**

I don't know how you can say one method is more successful than another, but the central spirit of facing up to problems and dealing with them is the best control you can have.

We believe in putting authority at a level where a decision can best

be made. Then we believe in those people having the responsibility of their decisions.

We believe in talking about problems, dealing with them forthrightly. And we have here in our company formal procedures, periodic meetings, at which we deal specifically with all the problems.

You cannot just sweep problems under a rug and really have any control.

**What management innovations have you incorporated in your company?**

I don't really think we have any management innovations in our company that you don't find in industry in general. However, you don't usually find them in construction. We are trying to use all of the modern management tools that are available in today's modern economy.

It has always been true that three ingredients are essential to success in American enterprise for a company, an individual, or anybody:

One is entrepreneurship. Two is intuitive management. And three is creative and dynamic leadership.

These three things are just as necessary today as they ever were, but whereas they might have been enough in and of themselves to insure success in the past, that is no longer true.

You have to supplement these three essential ingredients with the whole kit full of modern management methods and tools.

We have adopted a lot of things we found in modern industry. The Critical Path Method of scheduling and controlling a job, for example, is really a phase of operation research which you find in industry in general.

This has been the one modern management tool that has found acceptance in the construction industry generally. We were one of the first to adopt it back in the late 1950's, and we have devoted a lot of time and attention to that.

Using earlier methods of scheduling a job is as out-of-date as a Model T Ford compared with today's modern Ford.

**Isn't it awfully difficult to schedule anything in construction with the unpredictability of stoppages and slowdowns by labor unions?**

There is no question that in some parts of the country that is very much more of a problem than in others. Most of the labor stoppages today are one union arguing with

another in some way. What you can do with the Critical Path is feed the facts about the stoppage into your complex schedule and see what effect it has had. Then you can spot the areas where maybe you can do something to make up for lost time.

**Do you also use the computer in cost control?**

We are really just in the early stages of using it. There are a lot of possibilities in our industry.

It would be great if we could have each project manager report each day and we could estimate their costs and progress by computer. They do that in some other big industries. I think we can do it. The electronic instruments are available, but it is tough getting it all done.

**Looking back on your career, what has given you particular satisfaction?**

I think the greatest satisfaction is working with the people who have made this company what it is. The opportunity to help people grow and develop and being able to make some contribution in areas outside the business is pretty rewarding; at least for me it has been.

**How do you assemble such a progressive team?**

We have a basic belief in trying to motivate them toward the goals we have in our company, and we have been able to do that.

You start from nothing and it builds up over the years. If you have that as an underlying principle, getting people of excellence and seeking to inspire them towards excellence, then as the years go on you will get a lot of people who have that kind of capabilities, and also share those feelings.

**How do you motivate and inspire them toward excellence? You have yearly management meetings?**

Yes.

**That gives you an opportunity to motivate?**

Oh, it is a tremendous opportunity to motivate.

Of course, we have other meetings besides that, but that is a big meeting for us every year. We bring the wives in as well as the husbands, because we think they are all part of the same team.

**How many hours a week do you work?**

I don't keep up with it. I really don't have any idea. Sometimes I



work a helluva lot and sometimes I don't.

**How do you relax when you do relax?**

Oh, I do a lot of things. I play tennis; I ski. I recently had a week at Aspen. These things I enjoy very much.

**In World War II you were a B-29 instructor, and you still fly your company planes sometimes?**

Yes. I enjoy flying, too. That is really a form of relaxation.

**I notice in your "Blount Philosophy," which you have displayed around, you have put across the thought that a person coming to work for you or for your firm should look at it as a lifetime job.**

The way I look at it, when a man joins a firm, he is putting all of his investment into that firm. Whatever the company is investing in the man, the man is investing all he has—his talents, capabilities, energies, desires, his knowledge.

I think the company has the responsibility of providing an atmosphere where he can develop to his fullest potential, just as the government has the opportunity of providing the atmosphere where industry can develop to its fullest potential, and therefore, each individual can develop to his fullest.

**What advice would you give a young man starting in business today?**

I don't know of any particular one word of advice, but this is one of the most exciting times for a man to come into the business scene. I have not yet lived through a time that I did not think was the most exciting, and I think today is more exciting than yesterday. There are more opportunities, and the future for the younger generation is just tremendous. There is way too much emphasis on the offbeat, hippie-type movement. We have a tremendous younger generation coming on. They have great opportunities before them and they are going to have tremendous problems, but I believe that they are going to be capable of facing up to them and solving them. **END**

**REPRINTS** of "Lessons of Leadership: Part XXXVI—Tackling the Tough Ones" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.



*In World War II, Mr. Blount taught pilots how to fly the giant B-29 bombers. Today he's still an aviation enthusiast who enjoys piloting his company's planes.*



# THE PERSON NOBODY QUITE UNDERSTANDS

But this uncommon denominator seems to know what she wants and how to buy it



PHOTO: JERRY MESMER-ADAMS STUDIO

The American consumer these days is the object of everyone's affection.

The President and Congress want dozens of new laws, supposedly to inform and protect the buyer.

Business wants to keep him happy as it always has.

Economists want him to buy to keep the economy booming.

He's discussed and dissected on several fronts.

But surprisingly, as Professor John A. Howard of Columbia University points out, not really very much is known about a buyer's behavior.

"Maybe he needs more protection. Maybe he needs less. We simply don't know enough right now to really say."

Prof. Howard and a 15-man team are engaged in a three-year study to remedy the knowledge gap about general buyer behavior. Until all the facts are known, he feels that however well intentioned proposed legislation may be, "there is a danger that laws intended to benefit the consumer may actually harm her by interfering with the flow of new products."

There isn't much doubt that Congress is in a mood to woo the consumer this election year. And there isn't much doubt that there is widespread disagreement over the issue of consumerism.

Arthur C. Fatt, chairman of the executive committee of Grey Advertising and a leading spokesman for his industry, feels constant em-

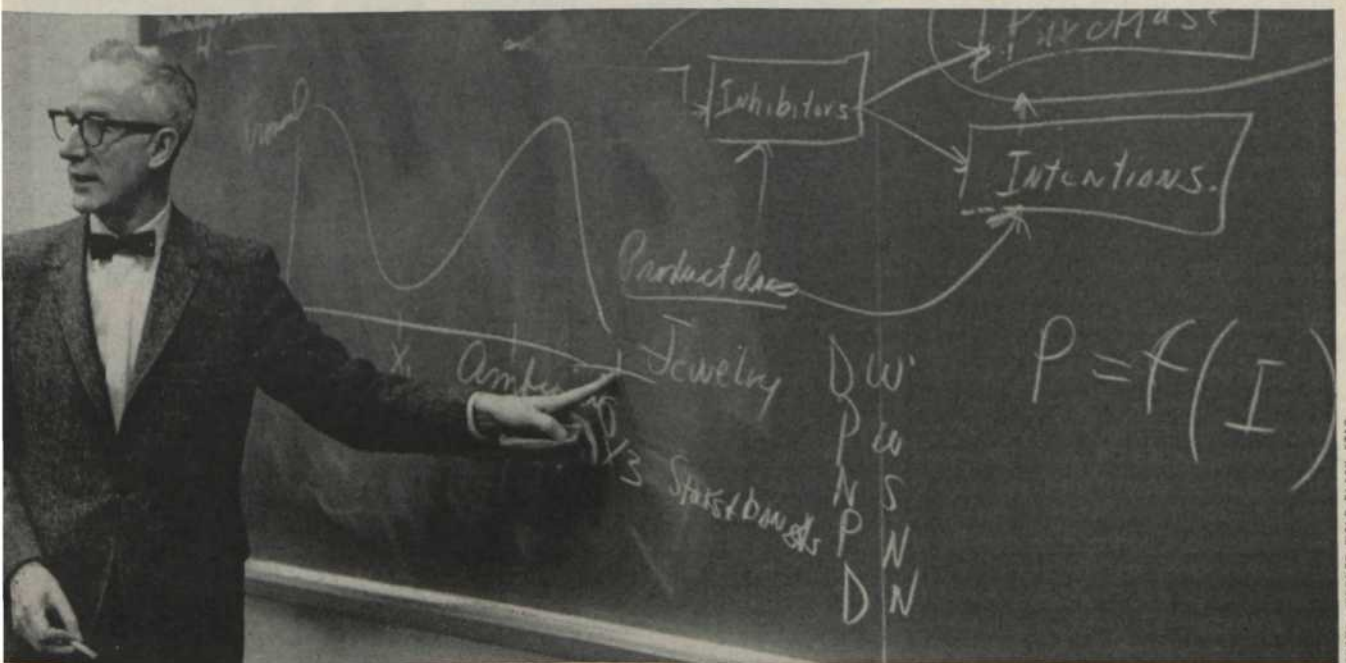
phasis by government on consumerism—and the criticism it directs at business—is undermining public confidence in business and damaging the free enterprise system.

"The business people I know feel they are trying their best to make a meaningful contribution to the welfare of this country," he has emphasized in speeches, "and they are hurt when the government portrays them as hawks—and consumers as doves requiring protection."

Mr. Fatt believes government should protect the consumer "from the type of behavior whose consequences may be fatal, injurious, harmful or misleading."

"It should not," he declares, "castigate the great majority of honest producers together with the





The American consumer is a complex person and what makes her pick and choose isn't an easy question for anyone to answer, but Prof. John A. Howard thinks his Columbia University study will give factual clues.

erring few. Plenty of other top ad executives agree.

There's no doubt the American housewife needs good product information to shop effectively, Columbia's Professor Howard says. But he claims the information has to relate to the personal and social needs of the consumer—"her self-image, her opinions and her friends' opinions."

He also says the consumer can't absorb all the information already available.

This is why legislators and businessmen have to find out more about buyer behavior, he believes. Until they do, he feels it will be difficult to deal with specifics.

Dealing with just a specific, the professor says, is one reason you

have so little general knowledge about over-all buyer behavior.

"Most marketing studies have generally been aimed at a specific. You can't generalize about what makes up buyer behavior with only one part of the picture."

Much of the flak on consumerism rises from government contention that the buyer is confused and needs more information. The squabble is over who the authority is for what is needed.

"The mood seems to have shifted from protecting the buyer against deception to 'Is she confused?'" says Professor Howard. "This certainly opens up a whole new bailiwick and makes it all the more important to understand the buyer."

A prime target in the consumer-

ism issue has been advertising—whether it supplies enough information, the right kind and if it rests solely on emotional appeal.

The advertising industry counters that the public apparently likes the message it is getting. And what with sales and production soaring, the economy proves it.

A booming economy apparently is seen as even a reason for the current spate of consumerism.

"If we did not have a highly productive economy, with a tremendous volume of goods and services available to the people," Federal Trade Commission Chairman Paul Rand Dixon said recently, "I suppose there would be little need to concern ourselves with the 'problems' of advertising. In a less suc-



## THE PERSON NOBODY QUITE UNDERSTANDS

*continued*

cessful economy, we would probably be more concerned with where our next meal was coming from than whether it was misrepresented.

"We might, then, consider ourselves fortunate that the prolific success of our competitive enterprise system in the production of consumer goods and services gives rise to the relatively minor 'problems' which confront us today."

Many agree there is some conflict as to where the consumer himself stands, though nobody argues that almost any buyer will be able to cite at least one sad experience with some purchase.

### **Poor, lost and befuddled?**

But as Sen. Roman L. Hruska (R-Nebr.) told the Senate, it is news to most consumers to hear that they are "poor, lost and befuddled."

"Some of the consumers in my state are strongly under the impression they are perfectly competent to manage their own affairs," Sen. Hruska said.

A strong supporter of meaningful protection legislation in the consumer field, he warns there is a danger that too many proposed bills are hastily conceived.

Many which have passed, he notes, have had to be reworked later by Congressional committees, "making sense out of nonsensical proposals and writing law which would provide both essential consumer protection and a workable regulatory regime for business."

In urging a "consumer-conscious Congress," President Lyndon B. Johnson proposed this year an eight-point legislative program:

- Crack down on deception by giving the Federal Trade Commission new powers.
- Launch a comprehensive study of automobile insurance.
- Protect against hazardous radiation from television sets and other electronic equipment.
- Enact additional poultry inspection.
- Require additional fish inspection.
- Write new boat safety regulations.
- Obtain legislation regarding warranties and guarantees and improved repair work and servicing.
- Set up a "consumer counsel" at the Justice Department.



*Consumer is a smart cookie and won't be fooled . . . Neal O'Connor*

Betty Furness, special assistant to the President for consumer affairs, is also pushing a requirement that the consumer be told specifically how long a product will last.

Manufacturers wince at this proposal. No two persons use a product in the same manner and degree, or care for it the same way.

Already introduced in Congress is a long list of proposals, including establishment of a Cabinet level Department of Consumers, a food labeling act, door-to-door salesman regulations and numerous measures restricting advertising.

Critics of many of these contend they will merely duplicate and overlap already existing federal or state statutes and agency functions.

A. J. McCollum, director of advertising and publicity for Pacific Gas & Electric Co., predicts too much government regulation will carry "stupendous" cost. He cites 40 federal agencies already administering some 600 "protection" activities and says the annual bill for this is about \$1 billion.

Mr. McCollum has said the evidence he has found so far of genuine public demand for more regulation is "underwhelming."

This is in spite of the fact that Betty Furness has been beating the bushes and urging consumers to gripe loud and long to Congress.

Most government officials realize legitimate businessmen are as dead set against deception as any official.

"The consumer decides whether



*Customer doesn't buy any dull message . . . William Bernbach*

you or I will stay in business," G. E. Ankeny, general sales manager of the Maytag Co., told a group of retailers in Houston.

### **A matter of survival**

This is a point that businessmen underscore again and again: They are dependent on "repeat buying" and that if they aren't concerned with their customers' welfare, then they aren't going to have customers.

Many cite confusion in the demand that more information be made available to the buyer. No one has spelled out just what seems to be lacking.

Mr. Dixon has said the consumer "wants your advertising message to tell him more about your product, rather than to exaggerate some imaginary difference which exists only in the mind of the copywriter."

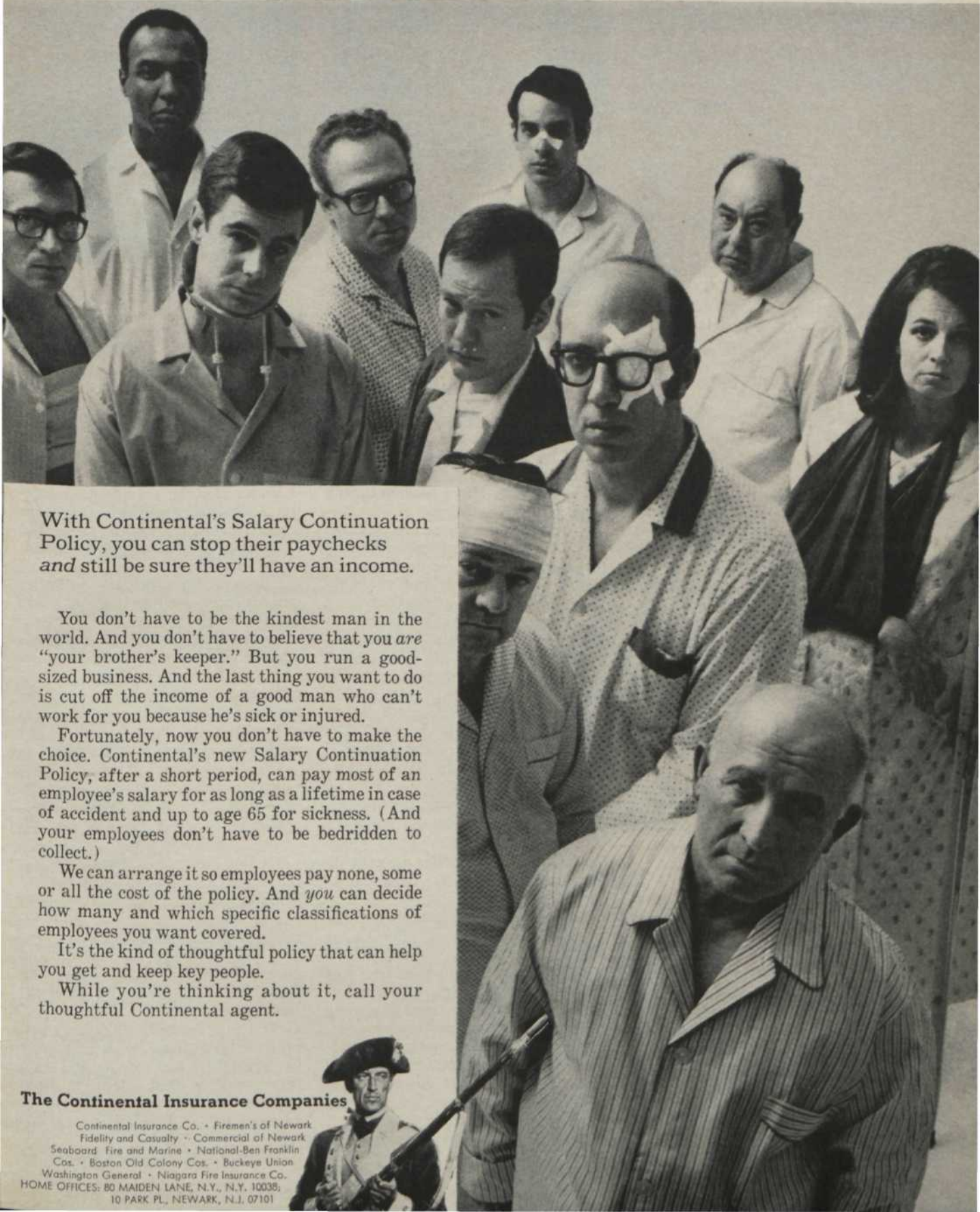
The American Advertising Federation takes strong exception to the "engineering approach" to getting across a message, saying:

"The future of advertising would indeed be a dismal one if all emotional or imaginary product appeals are condemned, or if the process of persuasion is itself suspect."

The Federation claims there is no persuasive evidence any use will be made of the "engineering type" information. On the contrary, it says, there is published research that clearly indicates some so-called "persuasive" advertising isn't read by the consumer. How, it asks, would the duller type information



# How many men are you carrying every month just because you don't have the heart to stop their paychecks.



With Continental's Salary Continuation Policy, you can stop their paychecks *and* still be sure they'll have an income.

You don't have to be the kindest man in the world. And you don't have to believe that you *are* "your brother's keeper." But you run a good-sized business. And the last thing you want to do is cut off the income of a good man who can't work for you because he's sick or injured.

Fortunately, now you don't have to make the choice. Continental's new Salary Continuation Policy, after a short period, can pay most of an employee's salary for as long as a lifetime in case of accident and up to age 65 for sickness. (And your employees don't have to be bedridden to collect.)

We can arrange it so employees pay none, some or all the cost of the policy. And *you* can decide how many and which specific classifications of employees you want covered.

It's the kind of thoughtful policy that can help you get and keep key people.

While you're thinking about it, call your thoughtful Continental agent.

## The Continental Insurance Companies

Continental Insurance Co. • Firemen's of Newark  
Fidelity and Casualty • Commercial of Newark  
Seaboard Fire and Marine • National-Ben Franklin  
Cos. • Boston Old Colony Cos. • Buckeye Union  
Washington General • Niagara Fire Insurance Co.  
HOME OFFICES: 80 MAIDEN LANE, N.Y., N.Y. 10038;  
10 PARK PL., NEWARK, N.J. 07101





## THE PERSON NOBODY QUITE UNDERSTANDS

*continued*

get attention? It suggests the "high level of consumers' confidence in the products on our markets may have made such information superfluous for a great many consumer products."

"The idea of taking persuasion out of selling is the most idiotic thing I have ever heard," says Neal O'Connor, president of N. W. Ayer & Son, Inc.

"You don't sell if you don't persuade."

"Persuasion is such an important part of free enterprise that anyone who wants to eliminate it promotes monopoly," declares John Warwick, president of Warwick & Legler.

"One of the tools the little guy has to work with is persuasion and salesmanship. Take that away from him and, by their own weight, the big companies will move toward monopoly position."

Mr. Warwick believes the consumer's attitude is: "If you want to sell me, come capture my imagination."

William Bernbach, president of Doyle, Dane and Bernbach, another giant in the advertising world, says: "We think informing the consumer is an important part of advertising. It makes better selling. We don't do this because of any boy scout attitude, but because we believe the best ad is the one that informs."

"The engineering approach is dull," believes Mr. Bernbach. "Advertising must use artistry. The manufacturer is not going to get the consumer to listen to his story without it."

"The important ingredient is the product," Mr. Bernbach adds. "The product dictates the approach. You can be informative in five words, it just depends."

John de Garmo, president of de Garmo, McCaffrey, thinks some ads are not as informative as they could be.

"Some are a little too glib. You want to be contemporary and there's a fine line between being glib and being contemporary."

In his view, ads should be a "dialogue for the prospective consumer . . . in good taste, informative, interesting."

### Can't fool a smart cookie

N. W. Ayer's Mr. O'Connor, like the majority of advertising execu-



*You want to be contemporary, but not too glib . . . John de Garmo*

tives, feels the consumer is "a smart cookie" and isn't going to be fooled again by any message if the product doesn't measure up.

He concedes there have certainly been instances of abuse in advertising, but contends these are isolated.

"I believe the ad industry and the manufacturers are doing a good job, a very fair job and probably the most interesting job they have ever done in informing buyers."

"Everybody in this business welcomes suggestions, but not a blanket condemnation. It just isn't warranted."

"All advertising does for a bad product is hasten its demise," says Theo Mandelstam of the Henry J. Kaufman agency in Washington, D.C.

"Advertising stimulates the distribution of products and enhances the whole economy. But if someone ever found a better way to do this, marketers are businesslike enough to adopt it."

"But nobody has ever been able to devise anything as effective as advertising."

Leo Greenland, president of Smith-Greenland, sees "consumerism" as providing a "new challenge for the creation of exciting advertising from the consumer's side."

There is a unanimous belief among ad men that advertising is in tune with consumer feelings and keeps pace with their changes.

"The whole world has advanced technologically and intellectually,"



*Consumerism poses challenge in creating ads . . . Leo Greenland*

says Mr. de Garmo. "Little kids can tell you today about three-stage rockets. People know so much more."

Victor Bloede, president of Benton & Bowles, feels selection of a feature "most compelling to people is the essence of strategy" for an ad.

"Most people have a selective ear or eye," he says, "and most decide quickly whether the ad holds something for them."

As do many others, Mr. Bloede stresses that advertising is only one of a variety of ways people get information about products. And as for eliminating persuasion, he notes wryly that the "only country not using persuasive ads is Russia."

"Few practices I know of do so much to protect the consumer as advertising," declares Walter Weir, president of West Weir & Bartell.

"And you know why?"

"It not only costs money, which the advertiser can get back only if his product sells, but it gets more people involved with the product. If the product doesn't measure up—not just to what the advertising says about it, but to the consumer's expectations—it meets its deserved end sooner."

"If a product he buys doesn't live up to expectations, he can do more for himself by just raising hell with the company that made it than anyone can ever do by trying in advance to decide what is good for him."

Fairfax M. Cone, founder of



Does your company's mail look like it means business?



When you meet a customer face to face, no one has to tell you to wear a clean shirt, a tie and a freshly pressed suit. But what about the times you meet through the mails? How do you look to him then?

It's worth your time to take a look at how you look through your letters. For it may result in savings of time and money, as well as of face.

Are you still using stamps? If so, nearly half of all the mail in the country may already look better than yours, because 48 per cent of all mail is now metered. An idea we came up with when we invented the postage meter and its neat imprint to replace the lick and stick mess of stamps.

But don't be swayed from stamps on looks alone. There are other big differences metered mail makes. Like faster processing of mail. Fewer trips


to the Post Office because the meter prints the exact denomination of postage you need, so you *never* run short of the right stamp. Often faster delivery because metered mail is already faced, cancelled and postmarked. More accurate accounting of postal costs. The cost control our meters give by printing just the postage our precision mail scales say you need.

Is your customer's name and address right every time? Even down to the Zip Code? What's he to think of the way you do business when he sees his name misspelled? If you're lucky, he'll never see it and his mail will come back to you. And the girl will have to take time to type up a new envelope while you cross your fingers that you're still not too late with the deal. Haven't you enough worries? Even the smallest of our Addresser-Printers is incap-

able of making an error. Besides being six times as fast as the average typist.

Big or small, you know you mean business. Big or small, our machines can make your mail mean it, too.



 **Pitney-Bowes**

For information, write Pitney-Bowes, Inc., 1333 Pacific Street, Stamford, Conn. 06904. Postage Meters, Addresser-Printers, Folders, Inserters, Counters & Imprinters, Scales, Mailopeners, Collators, Copiers.



The exclusive Cushion Ride Cab suspension on the all-new FLEETSTAR-A truck screens out the jarring jolts and bumps that cause driver fatigue. The cab is cradled on a sub-frame that "floats" on the spring and shock absorber system you see under the rear of the cab. The result is a much smoother ride. You benefit from improved driver efficiency and longer cab life. Only FLEETSTAR-A has it.

And only FLEETSTAR-A has the new variable ratio mechanical clutch linkage that cuts down on pedal effort, smooths engagement and greatly increases clutch life.

We've invested 60 long months in designing, developing, testing and retesting the new FLEETSTAR-A. All to make it steer easier, handle better, work harder and last longer than any heavy-duty truck ever did before.

We think our 60 months were a wise investment. So will you.

**I INTERNATIONAL<sup>®</sup>  
TRUCKS**

INTERNATIONAL HARVESTER COMPANY, CHICAGO, ILLINOIS 60611



## How do we give the FLEETSTAR-A driver a smoother ride?

**Simple. We don't let the cab touch the frame.**



Vibrator used for test purposes only. Produces frame bounce which simulates rough road conditions.



## THE PERSON NOBODY QUITE UNDERSTANDS *continued*



*Most people decide quickly if ad appeals to them . . . Victor Bloede*



*Nature of advertising protects the consumer . . . Walter Weir*



*Advertising replaces face-to-face persuasion . . . Fairfax Cone*

Foote, Cone and Belding, says advertising "is a form of communication that was invented to take the place of personal face-to-face confrontation for the sole purpose of persuasion.

"Hence, the amount of information that it contains is that amount that is required to make the selling proposition clear and important. A good many well-meaning critics confuse its role and its responsibility.

"The responsibility of advertising is to tell the over-all truth. It is not to set down and prove all the elements in that truth. For example, it seems to me to be quite enough to say about a new corned beef hash that it tastes better than ever before because it contains more meat and less potato than ever before without listing the weight of the meat and the potato."

The Columbia University buyer behavior project is a half-million dollar study. The reaction to new products of as many as 12,000 housewives is being gathered in stages along with the reaction of 250 industrial concerns.

"It is becoming clear," says Professor Howard, "that how confident the buyer is of her judgment is tremendously important."

What goes into making up this judgment is one of the keys sought in the survey. "The consumer has a remarkable capacity to 'tune out' evidence in which she or he is not

interested," Professor Howard finds. "This is a subconscious defense mechanism. The mind just can't assimilate all of the information that is available now."

Any company, he feels, can undoubtedly do a better job of informing the housewife. "But because of our limited understanding of the buyer's information requirements, it is difficult to be specific as to the ways in which they might better inform her."

He believes there are two types of buyers: Those who make judgments by taking into account information gleaned from a variety of sources and those who simply don't pay any attention to information.

Affluence and education are apt to play a sizable role in the buyer determination of whether to try new convenience products.

"In general," he says, "the home is a much more important status for the buyer in the lower middle class. The easier it is to prepare something, the more inclined this type is to feel she is less needed, less valuable to the home, fulfilling a less meaningful role."

The upper middle-class housewife, on the other hand, is far more apt to equate her time with money.

### **What influences buying**

Time is one of a long list of intangibles that enter into buyer behavior—income, social standing, en-

vironment, education, personal tensions, habits, taste, information sources.

But a vital point is noted by Professor Howard:

"In our free society, one's own desires are the ultimate overriding factor. And you can't say, this is good for him, because it is good for me—and I know.

"I'm sympathetic to the critics raising questions on consumer needs, but not sympathetic to action without concrete evidence of what is needed."

There is ample evidence in buyer behavior patterns that word-of-mouth reports from friends are a major influencing factor and thus terribly important in promoting new products.

There is evidence, too, that "the buyer gets bored after a while and shops around for something new, something different from what she has been using. This is why the new product flow is important to a company."

Professor Howard is confident the buyer behavior study will come up with solid information on which to base judgments about the consumer.

"But you've got to remember," he cautions, "the consumer is a person. And a person in our society is highly individualistic. He thinks for himself. And who would have it any other way?"

**END**



# THE GLORY THAT WILL BE GREECE

## MODERN BUSINESS METHODS



Walter Z. Granecki is a key executive in Litton's development plan for Greece and Crete. By use of systems analysis and other space-age methods, the company expects to raise the nation's income and living standards.

ATHENS, GREECE—Krini-Tou-Morozini is a magnificent fountain in the center of the antique city of Herakleion on the island of Crete. Splendid Seventeenth Century carvings surround its bowl. Crouching lions give the fountain ferocious splendor.

There's only one thing wrong. The fountain doesn't work.

Venetians who built it didn't assure a water supply, and what's a fountain without water.

Whenever Litton Industries, Inc., executives and engineers drive past the bone-dry fountain—which scores of them do in their unique work for the Greek government—it serves as a constant and tangible reminder that they must improve dramatically on the Venetian effort in their development plans for this ancient land.

A year ago this month Litton, the huge Los Angeles-based conglomerate, signed a contract with the Greek government to advise and assist in the development of Crete and the western Peloponnesus area of the

mainland. During the contract, which is renewable up to 12 years, investments will total at least \$840 million.

There had never been such a deal struck before. It's private enterprise's answer to government programs.

What Litton hopes to do is engineer the uplift of a million people in the two backward areas, create new markets for Greek products, increase annual income from an incredibly low \$300 per capita to something like \$600, open up Greece as a market for modern and technical products and carry out vast socioeconomic research and development projects.

One of the main efforts is to improve conditions in the two areas so that Greece can become a viable associate member of the Common Market.

The contract makes Litton people a little humble as they reflect on their responsibilities.

Litton got the original assignment in 1965 to make a study of the area's potential because the situation was ripe at the company and in Athens for such a project. Looking back it is hard to tell who picked whom—whether the government picked Litton or if the company thought Greece was the best place to launch the novel work.

Litton negotiated with a parade

of Greek governments—conservative governments, socialists and finally the right-wing military junta which overthrew the socialists in April, 1967. A month after the overthrow the contract was signed. It calls for Litton's modern systems concept to attack poverty and backwardness by developing tourism, agriculture and industry.

Prospects are so good that Portugal, Turkey and Morocco are directly negotiating with Litton for similar work. A dozen other countries are in contact with Litton for studies which may lead to contracts.

### The Litton approach

Litton's systems approach won't allow it to think in simple terms of tourist hotels which will help a few Cretan villagers, or of jobs for a handful of agricultural workers who scratch out furrows in the arid earth of the Peloponnesus.

Litton has been taught to go far beyond that by its chairman, Charles B. (Tex.) Thornton who is a founding father of the systems approach.

Litton is planning or advising on the whole package: hotels, roads leading to hotels, the airport where hotel guests can land, supplies of food and water, handicraft manufacture, recreation facilities, communications, purchase of land, development of natural resources,

*Associate Editor Sterling G. Slap-  
pey, a veteran of 15 years of foreign  
reporting, went to the Greek main-  
land and the Island of Crete to  
gather information about the un-  
usual American business approach  
to Greek revival described in this  
article.*



# REVIVE AN ANCIENT LAND



*Aerial view of one of new dams built to yield water for irrigation and city use.*



*Litton's bold, imaginative plans to bolster economy of Greece issue from this unpretentious headquarters in city of Athens.*

agriculture, irrigation, crop selection and rotation, crop marketing, locating and training workers, government relations, which tourists (American or European) are likely to use which hotels, what particular crops are best suited for and who might invest money in scores of development projects.

Above all Litton's duties are to attract a large share—primarily in Europe—of the \$840 million needed to develop the potentially rich areas of Greece. Litton doesn't have to raise all of the money because the government and local partners will put up large amounts annually.

Litton's cheering section hasn't always been as large as it now is.

Disgruntled bureaucrats used to whisper to visitors that Litton would fail, Litton moved too slowly, that fees were atrociously high. European companies, tinged with jealousy, said they could have done the job.

Greek leftists put out rumors that Litton, with influence in Washington, helped get diplomatic recognition for the dictatorial junta. Andreas Papandreou, son of the former Greek Prime Minister who was imprisoned by the junta, advised financiers not to invest in Greece and accused Litton of being a public relations flack for the right-wing generals. He neglected to concede that his father's government gave early

and enthusiastic approval to Litton's program. Greek civil servants for years enjoyed a leisurely, red-tape, coffee-drinking approach to work. Then they became nervous with all those busy Americans, and especially American-trained Greeks, outworking them and making them look bad.

There were Greek-American personality clashes which resulted in transfers.

On top of this, Litton has been caught in a politically frantic year. It saw the Israeli-Arab war, upheaval on Cyprus, the attempted coup against the junta, the flight of King Constantine, the gold crisis and a torrent of bad publicity for the junta. And, during the year, Litton earnings and the price of its stock tumbled.

At any time Litton might have been justified in throwing in its hand, getting up from the Greek gamble and heading home to peaceful Beverly Hills where the height of excitement is reached when a drunk movie star runs over a fire hydrant.

## **Outlook brighter**

Litton's Greek operation made it through the year in surprisingly good shape and the situation is looking better by the month.

The contract is now quite popular with the Greek people. Maga-

zines and newspapers are embarrassingly eager to announce plans, even before Litton is ready.

Litton is collecting costs, plus 11 per cent, plus finder's fees.

The World Bank recently loaned Greece \$12 million which, besides providing needed cash, was an indication of confidence in government stability.

A \$50 million development bond issue was oversubscribed in Athens and Salonica in less than a week—another indication of the people's confidence that their government, despite distaste for having generals rule them, will sit steady in the saddle for awhile.

There are signs that money hoarding is relaxing.

Litton offices and branch offices are buzzing, feasibility studies are being wound up, early financing arranged, project sites selected. And Litton has begun to announce the start of specific projects.

The first, a 600-bed tourist hotel-bungalow complex near Khania on the northwest Cretan coast. It will cost \$4 million. The complex will command the top of a gentle hill that overlooks a sandy Mediterranean cove. Litton is putting some of its own money in the project.

The beauty spot is made to order for Americans who have been to Europe and want to go somewhere new. Few Americans have ever



been to Crete. The place is ideal for sun-hunting Scandinavians and Englishmen, and for Germans who carry their deutsche marks in pockets sewn into their belts.

Soon after the hotel is completed in 1970, jumbo jets will be setting down 300 and 400 eager, camera-slung tourists per trip instead of the 180 or so who ride Boeing and Douglas jets to Europe in 1968.

Litton's own Stouffer Restaurant and Inn Division will manage the complex.

Seventeen other locations are under final consideration as hotel sites. The government, Greek investors, Cretan partners and other Europeans are expected to supply the money to build them.

Finding the right local partner takes up Litton time because Greece isn't noted for its entrepreneurial talent.

Another time-consuming job is finding owners of land needed for projects.

In the United States you go to the courthouse and consult the county land records or get a title company to do so. In Greece, it's not so simple.

There's no courthouse, and government records are so incomplete they are often worthless. Sometimes churches can help. Their records go back hundreds of years. Sometimes a Litton man must go into the village coffeehouse and shout out, "Who owns that piece of land the grove of trees is on just above the beach south of Pargos?"

He might get such an answer as, "Dmitri's family has been on that land for nine generations but no one knows who owns it. Perhaps Dmitri does by now."

The fun and games business of tourism takes up less than half of Litton's concern for Crete and the western Peloponnesus. More effort goes into advising the government on infrastructure projects (roads, airports, sewer systems, water supplies, irrigation) and in preparing for huge agricultural projects and helping industry get located in the right places.

The Messara Plain—if Litton's efforts are successful—will be a European breadbasket in five or six years. The plain, lying in southern Crete, is 35 miles long and seven miles wide and its fertility has been famous for 5,000 years.

Litton is running studies and tests to find the best time to bring in Messara strawberries, citrus and other fruits, cut flowers and vege-

tables. European markets need them in early spring and if Litton can figure out how to deliver them, Crete's income will mount fast.

American and European engineers are determining which is best for the Messara—water from deep wells or dams in the high mountains that lie like a spine across the middle of the island.

#### **Running the show**

If the Messara Plain project and smaller ones in the Peloponnesus succeed, the American in Greece most responsible will be Robert M. Allan Jr., president of Litton International Development Corp. Bob Allan is a former Cyprus Mines Corp. executive who was hand-picked by Tex Thornton.

Mr. Allan is emotionally involved in his work. He sees Litton making a "technical heart transplant" in Greece and saving a sick friend. He says he believes that "investment opportunities in Greece have as much potential as anywhere in the world."

Mr. Allan commutes between Beverly Hills, Athens and the Brussels headquarters for Litton's European projects. He relies heavily on Jacques S. Warshauer, acting managing director of Litton in Greece; Douglas W. Davies, director of operations; Victor L. Hesse; Walter Z. Granecki, regional manager in Crete and William Ward McGrew, regional office director in the western Peloponnesus.

These gentlemen are internationalists. Mr. Granecki has been in Greece as a Corps of Engineers officer and civilian engineer most of the time since the late 1940's. Mr. McGrew left the foreign service of the State Department last winter after 10 years in Greece, Turkey and Cyprus. They are typical of Litton's first-class staff.

They refuse to be stampeded into recommending or announcing projects without first completing long feasibility studies to be as sure as possible the projects will be successful. Several civil servants had been pressing for more rapid announcements, thereby confusing announcements with results.

Anti-Littonites among the bureaucrats should be put finally to flight within several months when Litton recommends the location, financing and construction plans for magnificent tourist, agricultural, and industrial areas on Crete and along the sea south of Patras, and as far south on the Peloponnesus as Kala-

mata—all in southwestern Greece.

Some Peloponnesus beaches are 50 miles long and 300 feet wide. Like Cretan areas they have everything for tourism—ancient temples, old fortresses, ruins, museums, legends, artifacts, ideal weather 290 days or more a year, nearby airports and roads which can be developed, abundant labor and plenty of friendly smiling natives in local dress for tourists to photograph.

More months may pass before announcements are made on complicated irrigation projects, a refinery, fiber glass plant, cutlery-making plant, earth-fill dams, harbor improvements, road net extensions and upgrading of handicraft manufacture, small electronic and machinery assembly plants, cement works and plans to develop gypsum deposits.

For years Greece has imported meat and exported grain. This awkward situation may be put right when Litton systems analysis specialists, computers, agribusiness experts and thinkers are finished.

They hope Greek beef herds can be increased so that less beef is imported, that existing herds are upgraded and Greek grains can be used to fatten beef instead of being shipped away at small profit.

#### **No Coney Islands**

One problem Litton wrestles with is how to keep areas of high tourist potential from becoming little Americas. They hardly want hamburger stands to spring up in the middle of Apollo's Temple.

Take Olympia. Olympia, original site of the Olympic Games, is practically a Holy Land for sportsmen. Furthermore it is a beautiful spot. Without Litton's help, Olympia could become a Coney Island.

Litton's plans for Olympia are tentative but the company hopes to make it a pilgrimage place where tasteful new buildings blend with old. Visitors may be put up in hotels and motels 15 miles away so that Olympia will look a great deal like it did in classic times and less like a western European or American commercial vacation area.

Litton is anxious to get started in Olympia and in other places because the original four year contract now has only three years to go. There doesn't seem to be serious doubt that the contract will be renewed, but some shining results won't hurt a bit when renewal time comes.

**END**



# The Russians have good athletes because they compete

# and dull clothes because they don't.

**The Russians have a good thing going in sports.**

But when it comes to things like clothes, cosmetics, and cake mixes, they're way out in left field.

Because they don't compete, their products come out unimaginative, poorly made—and overpriced.

*Like athletes, products get better when they compete. They have to—or get out of the running.*

That's why it's troubling to find influential critics in this country who think it's wasteful to have so many brands of the same product competing in our marketplace.

They'd like the government to take steps

that would eventually lead to fewer brands in the stores and therefore, *less competition*.

But, they forget that restricting competition is not the way this country got prosperous.

It is competition that produces the endless innovations in our marketplace...that creates whole new industries...more jobs...and makes our country a good place to live in.

*Without competition, there's no point in making things better at lower prices...whether it's a 7th Avenue dress with a Paris look...a cake mix full of dates and nuts...or a great new flavor in lipsticks.*

Competition is the spice of life. Don't let anybody talk you out of it.

**Magazine Publishers Association**

An association of 365 leading U.S. magazines



# CAN WE SOLVE AMERICA'S PROBLEMS?

A penetrating survey of the worries and aspirations of businessmen interviewed nationwide by Nation's Business editors

America has reached a crucial moment in its history.

We're challenged by massive social problems, apprehensive about foreign developments and uncertain over who will be the next President and what his policies will be.

But as people of action we instinctively resist being bogged in any social, economic or political quagmire.

We're restless over the inconclusiveness of Viet Nam, over the enormity of race relations, over the complexities of the dollar's future and over the pervasiveness of government in our lives.

But Americans tend to turn restlessness and dissatisfaction into progress. We're a nation of problem solvers, builders, innovators. The business community particularly catalyzes and powers such actions.

The editors of NATION'S BUSINESS crisscrossed the nation, talking with business leaders about businessmen's attitudes, their concerns, their moods and their hopes.

The editors conclude that amidst America's turmoil and troubles, there's cause for optimism.

Widespread conviction exists that expunging poverty and prejudice, reviving the economy and restoring the dollar's soundness are possible, but not by passing new laws or writing new regulations or appropriating more funds.

There is broadening agreement that many past government policies don't work, that policies must and are changing, that inequities or privileges for certain segments of society are being recognized, that over-permissiveness and under-responsibility must be altered.

We admit, gripe about, argue over and wrestle with our problems. That's a sign of our strength. Overcoming obstacles lifts us to new levels of achievement.

We need to remember that other men in other times also faced immense problems. We need to recall that we are the most prosperous, best housed, best educated, strongest nation on earth.

Talk over America's times and troubles with scores of businessmen and you get a new overview of the obstacles they struggle with and the opportunities they envision.

For example, Wallace E. Johnson, president of Holiday Inns of America, Inc., headquartered in Memphis, Tenn., is concerned about Viet Nam, racial unrest, the British pound, the Canadian and American dollars and inflation.

"But let's don't sell America short," he warns. "We are not going through anything different than our grandfathers did."

He counsels against letting the country fall into the hands of "intellectuals without any practical business experience."

He foresees some continued riots and other racial agonies, "but out of that will come a new standard of living, a new day."

Following are comments of other American businessmen on specific areas of concern:

## **Government policies**

Probably the only certainty of the Presidential election is that we will have a new President next year and new policies, programs and approaches to our national and international struggles.

Carl A. Beck, president, Charles Beck Machine Corp., King of Prussia, Pa., is disturbed that America seems to lack a specific set of long-range goals. To him, nations as well as businesses and individuals need a target. He senses a growing concern over the "ineffectiveness of the pouring out of billions of dollars by the federal government."

Edward M. Penick, president of Arkansas' largest bank, the Worthen Bank & Trust Co., Little Rock, says: "We need to return to a more sensible national government. We just can't be all things to all people. Many of us doubt that any country is financially big enough to remake the world."

A. D. Chesterton, board chairman, Chesterton Packing & Seal Co., Everett, Mass., also is "deeply concerned with the lack of financial responsibility on the part of government, particularly the federal government."

James Lee Clarke Jr., executive vice president of Miller's, Inc., a department store chain based in Knoxville, Tenn., believes government is getting far too big.

"I think we're creatures of the system—the system's got us," he says. He questions whether any President can straighten the country out.

J. W. Vandewart, executive vice president, English Lumber Co., Asheville, N.C., fears that the growing intervention of government in business is looking very much like the early days of Nazism from which he fled in the 1930's.

"This country of great freedoms is changing so rapidly," he says.





Albert Fried, chairman of the board, Computron, Inc.



Edward Penick, president, Worthen Bank & Trust Co.



President John Whitmore, Texas National Bank of Commerce.

"I don't mind paying taxes; but what bothers me is that along with more and more taxes, we are having more and more of our freedoms taken from us."

John E. Whitmore, president, Texas National Bank of Commerce, Houston, says:

"President Johnson's speech of March 31 gave hope that we may see an improvement in two of the most serious problems facing American business—the nation's unbalanced fiscal budget and the lack of confidence in the American dollar occasioned by our unbalanced fiscal budget."

"The President has taken several steps that might lead to a solution of the Viet Nam problem. That would mean a reduction in defense expenditures which would reduce the strain on the budget."

A. E. Weidman, president and chairman of Los Angeles-based Seaboard Finance Co., says: "American business, as well as the American system of government, is experiencing local and international ferment of a tremendous nature."

He believes, however, that "ferment is the symptom of change, and American business has survived and prospered because it is adaptable to change."

While he's optimistic for the long term, "anxiety and apprehension dominate today." He says this is caused partly by foreign policy.

"There is a feeling of caution, restlessness, instability," Mr. Weidman observes. "Vast investments in plant expansion, new product development, exploration and even marketing are being held off pending more decisive policies from Washington."

Harold E. Kranz, vice president, MacKlanburg-Duncan, Inc., an Oklahoma City manufacturer of building specialties, states: "It just seems more and more the government's socializing the whole country."

Albert A. Fried, board chairman, Computron, Inc., a Bedford, Mass., manufacturer of precision magnetic tape for computers, wonders "whether it's worth 60 hours a week to kill myself on the problems of my company, when there are other, more vital problems to resolve in this country."

Robert A. Culver, president of Valley Fidelity Bank & Trust Co., Knoxville, says the biggest headache for banking is the balance of payments. He calls the Johnson Administration's proposed cure "like putting a Band-aid on a guy who needs a blood transfusion."

Mr. Culver thinks the nation

should distinguish between the "worthy poor" and the "unworthy poor," emphasizing self-help.

Harvey J. Alexander, secretary-treasurer, Arway Furniture Co., Inc., in a predominately Negro section of St. Louis, Mo., is disturbed by government loans to small businessmen.

"The government will tie up everything you own, including your underwear," he says. "But if you happen to be on a poverty program, you don't have any trouble at all getting money from the government."

"Of course, many of the government programs never reach the people they're intended for. Guys in Washington sit at their drawing boards and tell us what we need. Then they turn the money over to groups who turn it over to sub groups who turn it over to other sub groups on down the line with everybody in the operation making something till it gets down to the person it's intended for."

"And there's almost nothing left."

Eldridge Lovelace, senior partner of Harland Bartholomew & Associates, Clayton, Mo., city planners, is upset by the shortage of trained personnel in the urban development field. He says the government and the universities are pulling many of the most qualified men in the field away from private business.

"My key personnel spend 15 to 20 per cent of their time on non-productive paper work for federal and state requirements. We've even had to give our employees a short course on how to get along with bureaucrats," says Mr. Lovelace.

Edward A. Ring, president and board chairman, Circle F Industries, Trenton, N. J., is irked by the fuss on Capitol Hill over mergers and the presumption that "there's got to be something wrong." He wonders why there is no concern for the plight of family-owned companies that must either fold or be sold for estate purposes to pay taxes when the owner dies.

He says the tax structure is a major cause of mergers.

Despite the frustration in dealing with government and the confusion over its aims, businessmen all over the country these days are taking a keener interest in public and political affairs and devoting more time and energy to learning about and helping to solve public problems than at any time in the past.

O. H. "Art" Saunders, vice president, Kay Lyn, Inc., a High Point, N. C., furniture manufacturer, be-



## CAN WE SOLVE AMERICA'S PROBLEMS?

continued

believes that "whatever the country does, whatever the President does, you have to stand behind him."

He disapproves of vocal dissenters, peace-niks and draft resisters.

"I couldn't let every employee of the plant make all the decisions," he says.

Mr. Ring, of Circle F Industries, thinks Viet Nam has caused "vehement" division which is harming the country.

However, when Viet Nam is finally settled, Mr. Ring predicts America will have a booming economy.

Thomas I. Stephenson, chairman of the executive committee, Appalachian National Life Insurance Co., headquartered in Knoxville, says:

"Viet Nam got the whole country in somewhat of a turmoil. It seems to me the country has lost a helluva lot of prestige in the last few years."

William S. Hatten, president, Harper-Wyman Co., Hinsdale, Ill., finds that the draft is cutting heavily into the pool of trainable youths and is adding to the problem of getting skilled workers.

"We're hiring from the so-called ghetto areas in hopes of training the hard-core unemployed," adds Mr. Hatten, whose firm makes controls for gas appliances.

Samuel J. Davy, president, EPSCO, Inc., Westwood, Mass., says the draft has hindered his firm's recruitment efforts, especially for "effective" managers. EPSCO makes systems and products for data handling, communications and automatic typewriting.

"As a small company, we haven't the reserves to encourage a slower, cautious buildup of managerial personnel," Mr. Davy says. "So we must speed up the process."

Dr. Seymour Rothchild, president, New England Nuclear Corp., a Boston, Mass., firm that supplies radioactive chemicals for research, says Viet Nam cut down federal expenditures for research.

"Our biggest challenge, as a result, has been to seek new areas of growth for the company," he says. "Also, the uncertainties of the time are such that we cannot determine whether we should batten down our hatches, or renew our expansion moves."

### Inflation

G. B. Burrus, president and board chairman, Peoples Drug Stores, Inc., based in Washington, D.C., says: "The economy is sound, but

it is being mishandled. Business budgets what it can afford, why not government?"

Mr. Burrus questions the government inclination toward welfare, rather than "approaching things on a self-liquidating basis."

"Government," he adds, "talks about inflation, then imposes across the board wage increases."

William A. Haist Jr., president, Sprague Meter Co., Bridgeport, Conn., states: "Government spending is leading us right down the path to inflation. But you can't talk about that without considering wages. There is a disproportionate relationship to productivity."

"If there's an honest endeavor to bring government expenses and income into closer balance—less a sense of giveaway—I have no fear the citizens would support it."

Mr. Penick, of Worthen Bank & Trust, says inflation is high on the list of concerns of all people he talks with. "They see the purchasing power of their dollar shrinking, and it scares them," he adds.

Morris Sobin, president, Pilot Radio-Television Corp., Stamford, Conn., blames inflation in America mainly on union wage demands and government deficit spending.

"Unions keep seeking to top the wage increases won by other unions," he observes. "It's almost impossible to increase efficiency enough to cover the rising wage costs."

K. Robert Hahn, senior vice president, Lear Siegler, Inc., Santa Monica, Calif., wonders how long the government's limitations on foreign investment will last.

"If you can't re-invest your earnings, you start losing out in foreign markets," he notes. "If the limitations are not lifted in a year, we're in trouble."

E. B. Johnson, partner in the Amarillo Livestock Auction Co., Amarillo, Texas, is upset by the impact that the wage-hour law is having on his business, which came under the law this year.

"In cattle raising you can't pick and choose your hours like the law seems to want you to do," Mr. Johnson says. "Weather conditions, feeding conditions have to be considered. Cattle sometimes have to be cared for night and day. Cattle's a live, breathing commodity. It's pretty hard to have a cowboy punch a clock."

"All this bookkeeping we've got to do now is a big problem."

Howard H. Hubbell, board chair-



Seymour Rothchild, president, New England Nuclear Corp.



Harvey Alexander, secretary treasurer, Arway Furniture.



L. G. Laycock Jr., vice president, Laycock Printing Co.



man, Hubbell Metals, Inc., a St. Louis metals distributor, sees serious parallels between the inflationary spirals in America and the economic catastrophe that has befallen England.

"Wilbur Mills is perfectly right," he says, referring to the chairman of the House Ways and Means Committee. "You've got to stop so much government spending."

The recent stampede on gold may have sufficiently dramatized the critical shape of U. S. financial affairs so that positive steps will now be taken to close the deficits in the federal budget and the international balance of payments, some businessmen feel. This could restore faith in the soundness of the dollar, which is still the anchor of the free world monetary system, they add.

### Crime and violence

"Crime is a major concern with many people I know," says Mr. Haist, of Sprague Meter. "Five years ago in Bridgeport we never locked the doors of our homes. Now we do."

Irving S. de Woskin, president of Beltz Corp., St. Louis, manufacturer of feminine hygiene products, says the thing that bothers him most is a "revolt against authority" in the land—"without concern with whether the authority has merit or not."

He says there is little respect for private property as seen not only in looting during riots but in the increase in pilferage in his own plant.

"There's a moral breakdown in the government, too, as seen in the credibility gap. I think many people are just following the example of their leaders."

More than a year ago, Mr. Burrus, of Peoples Drug Stores, wrote a letter to President Johnson aimed at bringing the crime problem into sharper focus. The letter listed the 18 armed robberies and 56 burglaries in Mr. Burrus' stores during 1966. They resulted in an uninsured loss of more than \$88,000.

On the anniversary of that letter, Mr. Burrus sadly wrote another. Addressed to Patrick V. Murphy, Washington's public safety director, it showed how the crime problem worsened in 1967: 40 armed robberies, 76 burglaries and a loss of nearly \$103,000.

"We've had to close a number of good locations," Mr. Burrus says. "We simply can't hire the managers

and sales people to work in certain parts of town."

"Crime in the streets is disturbing," says Mr. Fried, of Compu-tron. "I grew up in a so-called bad neighborhood. Crime is nothing new to me. But kids today are more frustrated because there seem to be so many levels of neighborhoods. I never knew what I was missing. But slum kids today—via the films, TV and other media—know more, see more and are more alienated."

James W. Dempster, president, Dempster Bros., Inc., Knoxville, Tenn., manufacturers of refuse-handling equipment, notes that in racial riots, looters hold their stolen articles up before TV cameras, giving people the idea that the police and the National Guard will do nothing about it.

"The law is the law, and when they lose respect for it, you're going to have anarchy," Mr. Dempster warns.

Businessmen in many cities are working closely with police in crime prevention and detection. They are striving, too, for court reform and against coddling of criminals. In many cities, business leaders

have set up programs to rebuild slums where crime is bred.

"Politically inspired legislative programs indicate either naïveté about business or a deliberate attempt to harass and hamper business," maintains Mr. Weidman of Seaboard Finance Co.

"The so-called 'truth' bills are masterful triumphs of copywriting, designed to generate consumer votes, but accomplishing little if anything in the way of consumer protection. Existing laws, either state or federal, already provide most of the safeguards suggested in the new federal consumer bills."

Mr. Sobin, of Pilot Radio-Television, is concerned by a "double standard of justice" that government holds. "The slightest infraction by a business is dealt with promptly and with the full effect of the law," he says, "but members of minority groups are able to violate laws with impunity."

The growing power of unions and the way the National Labor Relations Board helps this growth "with its one-sidedness" bothers Mr. Vandewart of English Lumber Co.

"I am disturbed by the fact that

## A NEW SPEAKER OF THE HOUSE?

An ex-football hero is the man Republicans will tap if they win control. But what about venerable current Speaker John McCormack if Democrats stay in power? For a candid profile and in-depth look at the speaker and the 91st Congress, see the June issue of *Nation's Business*.



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## CAN WE SOLVE OUR PROBLEMS?

*continued*

here in America—the place we Germans dreamed of as the refuge of basic freedoms—that I had to check with my lawyer before I could say or do anything regarding a union that was trying to organize our employees. The lawyer had to advise me as to whether or not the NLRB would consider my saying or doing things proper. Every word I said had to be checked with the lawyer."

Arthur H. Boundy, New Enterprise Division of Monsanto Corp., St. Louis, says: "While labor is being coddled, business is being put in a strait jacket. The President has taken a weak position in trying to keep wages down in the fight against inflation."

Mr. Ring, of Circle F Industries, believes unions have moved 180 degrees from being a necessary "balance wheel" against exploitive "robber barons" to become a "terribly disruptive" element. He blames government, demonstrated in "overbearing and overzealous guardianship by the courts and the NLRB of the unions."

Mr. Hubbell, of Hubbell Metals, thinks a major danger in the growing strength of unions is in their lavish political contributions. Both he and Mr. Dempster think unions "ought to be operating under the same rules and regulations of antitrust as business."

Allen Morgan, president, First National Bank of Memphis, says: "Government harasses big business too much. What's wrong with a company being big?"

He mentions big business contributions to resource development and its many philanthropic activities. "If you destroy big business," Mr. Morgan warns, "you'll destroy a major source of leadership in all phases of society."

"I don't think profit should be a dirty word and I don't think a balanced budget should be considered a sin. I wish the government were run as efficiently as American Telephone."

Nat Landau, secretary treasurer, Landau Uniform Co., Inc., a Memphis apparel maker, is upset by the diminishing place of small businesses in America.

"The thing that's constantly in my mind," says Mr. Landau who is 32, is that there is really no place anymore for the small businessman."

### City unrest

Robert Dewar, a prematurely



**Robert E. Williams,  
President, The Youngstown Sheet and Tube Company, says . . .**



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graying vice president of S. S. Kresge Co., Detroit, Mich., says his company and many others are working to see what can be done cooperatively about the unrest in cities. Kresge is also doing things on its own.

One example: In the Detroit riots last summer, fire destroyed a retail store.

"Using the investment criteria we usually do, we would never have rebuilt it," Mr. Dewar says. "But in this case, even though we may not be able to insure it, we're going ahead."

L. G. Laycook Jr., vice president, Laycook Printing Co., Jackson, Tenn., says: "Black Power and riots are our greatest concern down here. Fortunately, with President Johnson now apparently a lame duck, he will be more willing to cope with this cancerous situation."

When the riots broke out this year, he points out, the President was quick to offer federal assistance. "He had not done this in the past. I think he's now ready to clamp down."

Mr. Ring, of Circle F Industries,

believes that civil disobedience and disorder are necessary up to a point for Negroes to gain self-respect. "A person who respects himself doesn't need to hate someone else," Mr. Ring states.

Negroes have achieved self-respect and demonstrated their abilities in Viet Nam, he adds. "We must find useful places for them in society when they return."

Mr. Stephenson, of Appalachian National Life Insurance Co., claims it is hard to find qualified Negroes to hire.

"Many in government say you've got to hire them whether they're qualified or not," Mr. Stephenson notes. "I think that's the biggest mistake anybody ever made—to put a Negro in a job he's not qualified for."

"If he doesn't work out, he'll automatically blame his color rather than his own lack of capacity."

To help solve some of the nation's social problems, Mr. Beck, of Beck Machine Co., favors incentives to the private sector rather than handouts. For instance, a tax credit to companies training the unskilled. "Prime the private enterprise pump a bit," he suggests, "but don't flood it with dollars from Washington."

"We can't ease these tensions," says Mr. Haist, of Sprague Meter, "unless we open the doors of opportunity to these Negroes. Education is one of the solutions. But I don't think you can legislate Negroes into jobs."

"The government," says Mr. Sobin, of Pilot Radio-Television, "tends to blame manufacturing for not doing more to prevent riots. They forget we have responsibilities to stockholders as well as to the community."

"When we start giving preferential treatment to unqualified employees, as the government wants us to do, we start having problems with our old employees who are qualified."

#### **Taxes**

"We've had our manufacturing license fee doubled in the past two years," says Mr. de Woskin, of Beltz Corp. "In addition the city has a tax on every dollar's worth of sales no matter where the order is sent. And on top of that is a one per cent city earnings tax and a tax for building industrial plants."

"The result, of course, has been that many manufacturers are moving out of St. Louis. The city gov-

ernment seems to think that the way to make up for this is to raise the taxes still more on the firms that stay behind."

Another St. Louis businessman, Mr. Alexander, of Arway Furniture, lists taxes as his chief concern.

"You work extra hard to expand your business and all you find is that you've mostly just done a lot of free work for the government," he says. "It's frustrating."

Mr. Haist, of Sprague Meter, feels Congress "should slap on a 10 per cent surtax—the sooner the better. "But," he adds, "that should be coupled with a cutback in government spending."

"I believe the country is ready to accept a tax increase," says Mr. Laycook, of Laycook Printing Co. "Most of us feel, I am sure, this is the only solution to our monetary problems."

"I would insist, though, that any tax increase be accompanied by a comparable—if not greater—reduction in nonessential spending."

#### **Attitudes**

"Business needs better communications from government, and the public needs better communications from business," states Mr. Weidman, of Seaboard Finance Co.

"The erosion of public confidence in both government and business, the attitude of today's youth show that government and business have been so busy selling their end results—their products—that they have failed to sell themselves."

"The American consumer has never had such an array of quality products to examine, such values to obtain, as today. But the companies which provide them are sometimes suspect and criticized. Social reformers find business a popular target."

Frank P. Adams, board chairman, Cyclotron Corp., a Berkeley, Calif., firm which makes atomic accelerators, says businessmen who want to do something about the problems that confront the nation should get into politics. He is a member of the state and the Alameda County Republican central committees.

"If a businessman doesn't take part in politics, politics is going to take part of him," Mr. Adams says. "You can't avoid taking part in politics any more than you can avoid meeting a payroll that is falling due."

"The businessman who isn't concerned about who gets elected to legislative office might just as well

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be unconcerned about who's keeping his books."

He believes President Johnson's announcement that he will not seek re-election will clear the air of many issues. He thinks Sen. Robert Kennedy or Sen. Eugene McCarthy will be the Democratic nominee and that Republicans will choose what he calls a responsible conservative and believes Richard Nixon or Gov. Ronald Reagan will fill the bill.

Dr. Carl M. Horn, vice president educational division, Capital Film Services, Inc., Lansing, Mich., believes President Johnson's announcement that he won't run is having a good effect on American attitudes. "We needed a change," he says.

"The people want a fresh outlook," says Mr. Laycook, of Laycook Printing Co. "They want to face up to the problem. New leadership in either party would give them more optimism than they now enjoy.

"Albeit these problems, this is a great country. We have survived wars, depressions, riots before and we can again."

Dr. Rothchild, of New England Nuclear Corp., is concerned over "the general run-down of quality in the United States."

"I include in this the growing evidence of moral and physical decay and the surge of an attitude of 'I don't care,'" he adds. "It is everywhere."

"A major problem," claims Mr. Hatten of Harper-Wyman Co., "seems to be that we aren't supplying the leaders for youths today.

"The punks get all of the publicity. We need more publicity for the good things young people are doing, such as the activities of Junior Achievement groups."

Mr. Haist, of Sprague Meter, is not too worried about today's generation. "These kids are just as good as we were," he says.

"Ninety-five per cent of our youngsters are good, solid citizens. Perhaps they need some leadership. Maybe the pace of life today for these youngsters is a problem. It certainly is more complex. But I am hopeful they can absorb it."

He is confident that Americans can continue to survive their problems.

"Certainly," he adds, "it's a healthy situation that more and more people are discussing their problems and are anxious to do something about them." **END**

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# BUSINESS: A LOOK AHEAD

## Less inflation ahead

*(Credit and finance)*

## King coal's comeback

*(Natural resources)*

## Cutting casualties

*(Transportation)*

### AGRICULTURE

Increasing humidity is good news for growers and shippers of fresh vegetables.

Today many fresh commodities are shipped in trucks with refrigeration equipment, plus about 4,000 pounds of ice. The ice is not for refrigeration but for humidity. The needed moisture is released as ice melts.

Agriculture Department reports development of humidifying equipment to replace ice, reducing weight carried and increasing truck capacity. Department's transportation research staff reports successful experiments with Florida vegetable shipments.

Spokesman predicts approach will see widespread use as truckers keep trying to reduce needless weight. (Note increased use of aluminum bodies with foam insulation.) "They are quick to grab any improvement like that."

### CONSTRUCTION

Heavy spending for public facilities in urban areas has local governments looking to real estate to help offset costs.

Such spending for facilities like rapid transit and freeways enhances value of surrounding area as direct result; governments want to recoup more than normal yield of higher tax assessment.

In Great Britain, project known as Brixton Town Centre in London area is being developed around transit hub where land in excess of transit needs

was taken and is being rented to developers.

Same concept is reflected in so-called "joint development" being pushed by U. S. Bureau of Public Roads. Works this way: Government normally pays for land taken, plus damages to adjoining property whose use is limited. Often it would cost little more to acquire all affected properties. Land adjacent to a freeway can be developed in conjunction with air-space construction over the freeway for higher economic use, with enhanced value accruing to government.

Recently, a county in Maryland won authority to acquire property adjacent to future public facilities through negotiated purchase, not condemnation.

And Washington Metropolitan Area Transit Authority, planning and building rapid transit system for nation's capital, weighs possible uses of land "incidental" to transit. This includes multiple use of property essential to transit.

### CREDIT & FINANCE

Inflation of only two per cent in 1969?

That's the kind of long-shot economic forecasting you can get when the economists look at world affairs to gauge what will happen to the country and its money markets.

Robert A. Kavesh, professor of economics and finance at NYU's graduate school of business administration, and a former Chase Manhattan

Bank official, sticks his neck out on the two per cent inflation figure—next year, not this.

An early forecaster of today's pinch (NATION'S BUSINESS, March, 1967), he foresees progress in Viet Nam, balance of payments and federal fiscal policy. "Everything that could have gone wrong has gone wrong" he says, and the economy appears due for a better break.

### FOREIGN TRADE

Export vice president of Atlanta-based pen manufacturer attended foreign trade conference recently in hopes of locating overseas distributors to gain competitive edge.

Steamship representatives anticipated his requirements and had answers for him within minutes after his arrival. The reason: Foreign distributors are becoming more aware of aggressive U. S. trade expansion efforts and seeking contacts with manufacturers here.

Committee of American Steamship Lines cites this as example of way its trade-promotion efforts are taking hold. Now in second year, program has generated more than 26,000 inquiries from 5,200 businesses in 48 states, circulates newsletters to 75,000 firms here.

Program consists of scheduling private interviews for U. S. businessmen seeking to enter or expand overseas trade with steamship companies. They have world-wide network of 1,300 representatives covering 450 world ports. Twenty-third such conference recently ended in Kansas City, attended by representatives of 53 companies.

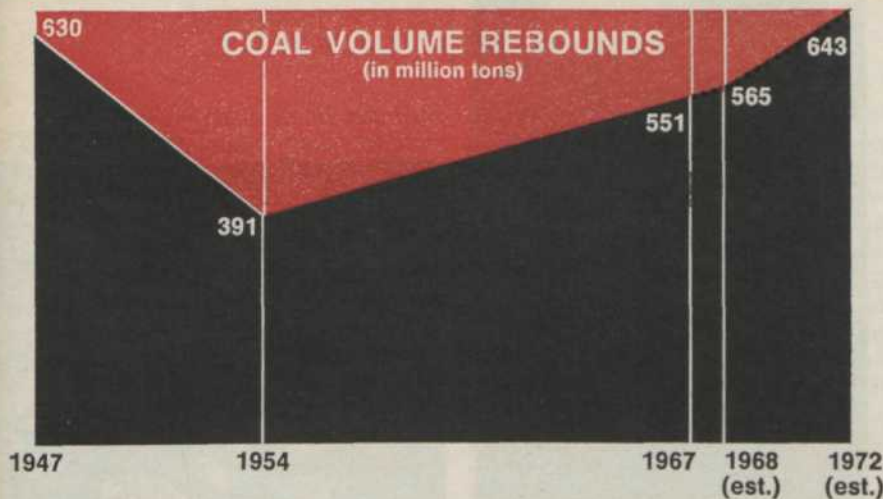
No over-all figures are available, but Committee publishes case histories of successful efforts. It also recently issued consultant's study showing benefits of U. S. flag-carrier operation in offsetting balance of payments drain.

### MANUFACTURING

New home construction, soaring consumption of electricity spur growth of wiring-device industry.



## COAL VOLUME REBOUNDS (in million tons)



Industry, which includes plugs and receptacles, cord sets, switches and the like, hit more than \$1 billion last year in shipments.

Edward A. Ring, president of Circle F Industries, Trenton, N.J., says industry nearly doubled since 1960 due to new products and higher equipment standards.

Short-range prospects have dimmed recently due to economic plight of home-building industry, but longer-term prospects appear bright.

Industry spokesman notes that average American home will consume 8,000 kilowatt hours annually by 1970, compared to 4,700 just four years ago.

Dramatic increase in number and variety of appliances tells part of story.

Average six-room home had only nine electrical outlets in 1938, compared to 30 today.

Industry prospects are not limited to home power consumption, of course. Demand for wiring devices increases greatly in industry and for stadiums and other entertainment facilities.

Mr. Ring predicts that new technological developments will continue industry growth.

## MARKETING

Small-volume shippers seek transportation economies through pooled shipments from public warehouses.

Economies come from volume shipments to warehouses and less-than-truckload shipments to nearby mar-

ket areas. One manufacturer says such distribution system provides storage flexibility and improved service, completely paying for itself if close enough to large-volume sales centers.

Pooling can mean daily delivery at savings over small-shipment charges or guaranteed deliveries on specific dates. Other claimed advantages include improved ordering patterns, inventory control and delivery scheduling.

Drug and toiletry manufacturers are getting into the field and others are investigating the prospects.

## NATURAL RESOURCES

Comeback in coal surges ahead. U. S. production is expected to surpass 1947 peak of 630 million tons by 1972.

National Coal Association cites consumption boom in electric utilities, unit trains, mine-mouth generation and long-term contract arrangements as factors underlying trend. Barge hauling also brings economies—Midwest coal can go down Mississippi River, across Gulf of Mexico to Tampa, for example.

Major oil companies acquire coal properties, including Continental Oil's purchase of Consolidation Coal Co. couple of years back. They see themselves as diversifying in total energy business, view vast coal deposits, as compared to limited gas and oil reserves, look to research in new coal uses.

Kennecott Copper recently acquired

Peabody Coal Co. as diversification move in mining.

Production for 1967 hit 551 million tons, biggest since 1948. This year's forecast by NCA's economics committee is 565 million tons.

Coal resurgence helps bring back depressed mining regions like Appalachia, creates shortage of miners, spurs research in related fields like use of fly-ash for brick production.

One symptom of brightening picture: NCA's board of directors now authorizes publication of industry's five-year forecasts.

## TRANSPORTATION

Furor over federal standards for new-car safety obscures real impact of campaign against highway deaths.

Department of Transportation argues that even safest cars can't make real progress against injuries and fatalities without greater attack on many accident causes, including "the nut behind the wheel."

DOT helps finance state and local efforts focusing on all safety aspects of driving process—car, driver, road, traffic control, law enforcement, medical treatment, accident records and statistics.

Matching funds to states go for broad state-wide programs of driver education, vehicle inspection, record-keeping and the like.

Some projects are narrower, experimental, suggesting variety of problems under attack:

One Texas study seeks to expand supply of driver-education personnel by training nondegree teachers.

Projects in Pennsylvania and Nebraska experiment with helicopters for emergency medical service; Illinois studies driver education for the handicapped; Oklahoma reviews physical and mental ability of problem drivers; Georgia community teaches pedestrian safety to preschool and primary school children.

DOT insists that such efforts hold greatest long-range promise for reducing casualties. When the auto safety legislation was passed, politicians put the brunt of the blame for traffic deaths on auto makers.





*Attendance at this Communist youth festival by woman who later became poverty official is sharply criticized*



*Striking grape workers shared in Community Action Program financed by anti-poverty funds*



PHOTO: DUDLEY BRUMBACH—CLEVELAND PLAIN DEALER

*Demonstrators in Cleveland pile rats and trash on steps of City Hall in protest move*

## HOW POVERTY PROGRAM THROWS AWAY DOLLARS

Each year billions more in tax dollars are poured into the controversial federal anti-poverty program, supposedly to help America's poor.

A startling new book, "Poverty Is Where the Money Is," details the waste and scandals of this federal program. The book is written by Shirley Scheibla, the respected Washington reporter and Associate Editor of *Barron's*, published by Dow Jones & Co., Inc. It will be published this month by Arlington House, New Rochelle, N.Y.

NATION'S BUSINESS condensed one chapter from the book to give you a quick but penetrating look at a federal program gone awry.



The known extent to which the Office of Economic Opportunity gave money to questionable persons, organizations and activities in the name of community action is enough to stagger the imagination.

The full extent will probably never be known because OEO lavishly parceled out money to literally thousands of local agencies.

It failed to adequately study the petitioning organizations, their employees, or what they planned to do. Moreover, to keep track of the funds granted often proved impossible. With dozens of OEO-funded agencies sometimes functioning in a single city under one umbrella agency, close administration went by the wayside.

When the inevitable scandals resulted, the course OEO pursued depended upon which side brought the most pressure. In some cases it continued to fund agencies found to be misappropriating federal money and/or dominated by leftists. In other cases it even gave new grants to groups caught in the middle of Justice Department investigations of them for possible misappropriation of funds.

After some members of Congress began to fume about communists and criminals being on Community Action Program (CAP) payrolls, OEO issued a directive saying that subversives and persons convicted for crimes of moral turpitude should not be hired. It didn't say anything about getting rid of those already on the payroll; it just said not to hire any more of them.

James Kelleher, who served as OEO Deputy Director for Public Affairs, told me that OEO turned down the idea of having the FBI do a security check on CAP directors and immediate subordinates.

When OEO concluded that there was no Negro leadership in the deep South except the militants, OEO told the CAP people not to be militant on government time or use government facilities, according to Mr. Kelleher.

The situation prompted these remarks from Sen. Robert C. Byrd (D-W.Va.):

"The purpose of the CAP's is

being subverted by extremists and activists, and federal funds are being used to support activities not in the least related to constructive anti-poverty efforts. . . . Picketing, demonstrations, rent strikes and sit-ins are not activities which will provide poor people with the education, training or jobs they need. It may be fun for activists to engage in this type of program, but it seems to me of little benefit to the poor. Such activities are designed to fight city hall and not to fight poverty. Groups indulging in this type of action certainly should not be receiving federal money."

Since no one person could study in depth all that occurred under the CAP's, it is possible to take only a cursory glance at cases brought to light across the country.

#### **Propagandists on payroll**

Anne Braden was one of the incorporators of the West End Community Council, Inc., a CAP in Louisville, Ky., which received a \$28,000 anti-poverty grant.

Mrs. Braden was identified under oath as a member of the Communist Party. She and her husband, Carl, were listed on a "Call for Strike" flyer as sponsors of a national student strike which the Communist newspaper, *The Worker*, said "will include demands to bring the GI's home, to end the draft and to abolish complicity by universities and colleges with the war effort."

During hearings of the Louisiana State Joint Legislative Committee on Un-American Activities in March, 1967, Committee Counsel Jack N. Rogers testified that Mrs. Braden "is currently, along with her husband, Carl Braden, managing the Southern Conference Educational Fund, a cited communist front. She and her husband both cooperate in the publishing of the *Southern Patriot* . . . which has been cited by the United States Congress as a subversive newspaper."

Mr. Rogers also testified that Virginia Y. Collins, a community worker in the Louisiana War on Poverty, was a member of the Board of SCEF and a special assistant to James Dombrowski, director of the SCEF.

Her paid anti-poverty job was with the Social Welfare Planning Council of New Orleans which received federal anti-poverty funds.

In the fall of 1966, James J. Flynn, mayor of Perth Amboy, N.J., charged anti-poverty workers with contributing to riots there. He specifically accused the local anti-poverty boss, Milton Zatinsky, with trying to "foment and incite unrest, agitation and disorder."

Raphael O. Lewis was executive director of Community Action for Youth, Inc., a CAP in Cleveland, another riot-torn area. This is what he said in a paper for presentation to the Conference on Training for Community Action in Urban Ghettos, at Howard University in Washington, D.C., in the spring of 1966:

"The notion is that social change frequently requires prior rehearsal of actions which will not itself provide solution to problems. It is necessary for these rehearsals to proceed, no matter how painful or bloody the results may be, in order to set the stage for the next sequence of circumstances which can provide solutions to the problems at hand."

Though Saul Alinsky, a self-styled professional radical and organizer of the poor, called the war on poverty a "prize piece of political pornography," he too was on a CAP payroll. Here is what *Counterattack* said about him:

"The Community Action Training Center opened by Syracuse University appeared largely patterned upon Alinsky ideas. . . . The university placed Alinsky under contract to organize the poor at federal expense so that they could force greater concessions from the community.

"For this Alinsky was paid \$10,000 a year, also from federal funds furnished the center. To earn this, Alinsky made 48 appearances at the center during 1965 'to rub the sores of discontent' in Syracuse. . . .

"They [the students] were trained in the art of sit-ins, demonstrations and marches against the community from which they expected to exact tribute on behalf of its indolents and laggards."

It is not known whether demonstrators at Syracuse City Hall were trained by Mr. Alinsky. In any event, when they were arrested,



## POVERTY PROGRAM *continued*

CAP funds were used to pay their bail.

In March, 1967, Wendy Goepel, an employee of OEO in Washington, was in Lowndes County, Ala., helping to prepare an application for the county to be the first in the nation to have a rural anti-poverty medical program.

The following is from a report of the Alabama Legislative Commission to Preserve the Peace, a branch of the Alabama state legislature, dated Mar. 21, 1967, and titled "OEO Personnel and Operation in Lowndes County":

"The U. S. Office of Economic Opportunity has announced it is assigning to Lowndes County, Ala., Miss Wendy Goepel. Her duties, as announced, will be to coordinate a pilot 'medicaid' program, which will be used as a pattern for similar programs throughout the United States between now and 1975. . . .

"Wendy Goepel, a 27-year-old Stanford University graduate, has established a background of 10 years of pro-communist activity, which includes:

- "1. Attended communist World Youth Festival at Helsinki, Finland.
- "2. Member of DuBois Club . . . identified by FBI Director J. Edgar Hoover as a youth project of the Communist Party, USA.
- "3. Miss Goepel served as a lieutenant and strike organizer for Cesar Chavez, National Farm Workers Association. Chavez was trained as revolutionary by Saul Alinsky, who bills himself as a 'professional radical' dedicated to radical change in our society.

### **Aiding strikers**

"The background of NFWA is radical in the extreme. It was organized to stage the so-called grape workers strike in Delano, Calif., in 1965 and was aided in that effort by a host of known communists, including Bettina Aptheker, Berkeley riot leader and daughter of Communist Party theoretician, Herbert Aptheker (Miss Aptheker has publicly announced she is a member of the Communist Party); Robert Treuhaft, West Coast communist attorney and his wife, communist writer Jessica Mitford Treuhaft (now a contributing editor to *Ramparts* magazine); Holland Roberts, communist educator who is currently organizing tours of the USSR; Mickey Lima, Communist Party chairman of Northern California, and a score of other pro-commun-



*Black Arts Theater of playwright LeRoi Jones got \$115,000 of poverty funds, before Washington turned off the spigot. He's and advocate of violence who made his theater into an arsenal.*



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ist professors, ministers, lawyers and newspaper editors (including Sam Kushner, of the West Coast Communist Party organ *People's World*).

"The NFWA has spread through Texas, Wisconsin and other Eastern farm states, and is currently operating in Florida, Mississippi and the Black Belt of Alabama, including Lowndes County.

"The addition of Miss Goepel, with her background in the NFWA, would lend emphasis to the current 'colonizing' of radical groups of the Black Belt, while in the pay of OEO....

"We here raise the question not only of why Miss Goepel and others of her persuasion should be sent to Lowndes County, Ala., but why any person with the clear communist record of Miss Goepel should be in the pay of the United States government?"

OEO also gave money to the striking grape workers mentioned in the above-quoted report.

The *Washington Star* said the following after OEO announced a \$267,887 grant:

"The timing appears to have been an incredible blunder by the OEO. It embarrassed the strikers, outraged the landowners and ignited an ever-widening circle of opposition from within the city and state.... Although the money was approved as a community action program it came under provisions of the Economic Opportunity Act relating to migrant workers. It did not require the approval of any local or state agency.... At the center of all the turmoil stands one man, Cesar Chavez, the director and founder of the National Farm Workers Association and the person who will head the poverty program for the migrant workers."

The Chavez organization also was connected with a grant OEO was going to make until California Gov. Ronald Reagan vetoed it. OEO attempted to renew a \$109,520 grant sought by the California Self-Help Corporation of Del Ray.

Governor Reagan thus announced his veto:

"There is no reason why the taxpayers should be forced to pay for a program in which people are trained in methods of striking and demonstrating.... The center has loaned its personnel to the United Farm Workers Organization Committee and its predecessor, the National Farm Workers Association in

Delano, for extensive periods to help in unionizing farm workers."

A study made for the National Association of Housing and Redevelopment Officials showed that over a period of two years, community action groups financed by OEO organized a series of disruptive protests and demonstrations against public housing authorities around the country.

Said the report, "Local authorities in approximately 20 cities found themselves the targets of civil rights or tenant organizations charging the public landlords with failure to do their job and going so far, on some occasions, as to compare them with the slumlords they were presumed to displace."

In Cleveland, a group receiving OEO money piled rats and trash on the steps of City Hall to dramatize the conditions under which slum dwellers live.

These developments failed to shake Vice President Hubert H. Humphrey, however. He told a New Orleans audience that if he lived in a rat-infested slum, "there is enough of a spark in me to lead a pretty good revolt."

## Lavish spenders

But the growing and seemingly endless list of examples of use of community action funds for questionable persons and activities upset others. Rep. Charles E. Goodell (R-N.Y.) expressed outrage when he discovered that in Durham, N.C., nine anti-poverty workers used anti-poverty vehicles to transport people to Democratic precinct meetings.

Rep. Robert L. F. Sikes (D-Fla.) didn't like it either when he learned that five CAP workers from Akron got \$16 per diem, plus transportation and hotel expenses, to lobby in Washington for a Greater Summit County Community Action Council, a CAP agency.

The government was lavish in spending CAP money in other ways, too, especially on salaries. In New Haven, Conn., the executive director of the CAP (Community Progress, Inc.) received \$25,000 a year, compared with a salary of \$18,000 for the mayor of New Haven.

Most of the top administrative personnel received substantial pay increases when they went to work for the St. Louis CAP, the Human Development Corporation, according to Rep. Durward G. Hall (R-Mo.). He said General Manager

Samuel Bernstein went from \$18,500 to \$24,000, Stephanie B. Stevens from \$9,111 to \$16,000, Curtis Gatlin from \$9,900 to \$16,000, Jacquelyn A. Walton from \$7,500 to \$12,000, Harold Antoine from \$9,000 to \$12,000 and Donald Checkett from \$9,500 to \$12,000.

Moreover, many of them had further boosts after a short time on their new jobs.

Social, Educational Research & Development, Inc., received a \$105,247 anti-poverty contract to train workers in community action, as well as to acquire work experience and adult basic education. According to Rep. Albert H. Quie (R-Minn.), it was a one-man corporation run by John W. McCollum, a \$90-a-day OEO consultant.

Said Rep. Quie, "SERD not only failed miserably in its assigned task of training poverty officials, but it is reported that guest speakers, who received their regular pay in federal tax dollars, were paid honorariums of \$75 a day plus expenses."

In Boston, the executive director of Action for Boston Community Development received \$27,500 a year while running a program which, late in 1965, was the subject of nationwide publicity concerning political corruption, misuse of funds and fiscal irresponsibility.

By March, 1966, OEO, the FBI and the Labor Department all had launched investigations of ABCD, sparked by complaints from youths that they received federal income-tax forms showing more income than they actually received and by the inability of ABCD to locate some 200 persons listed as employees.

In Newark, N. J., the CAP director received \$24,000 a year, only \$1,000 less than the mayor of Newark and more than the salaries of the members of the city council.

In Los Angeles, an official in the city school system received \$75 a day in CAP money for 28 days while he was being paid full time and overtime from the Los Angeles city school funds.

Federal auditors found that when Paul Barker was the CAP director in Indianapolis, Ind., he violated federal regulations in receiving an anti-poverty salary while he was on the payroll of another government agency.

According to President Johnson's 1967 budget, 1,032 CAP workers were to be paid \$10,000 a year or



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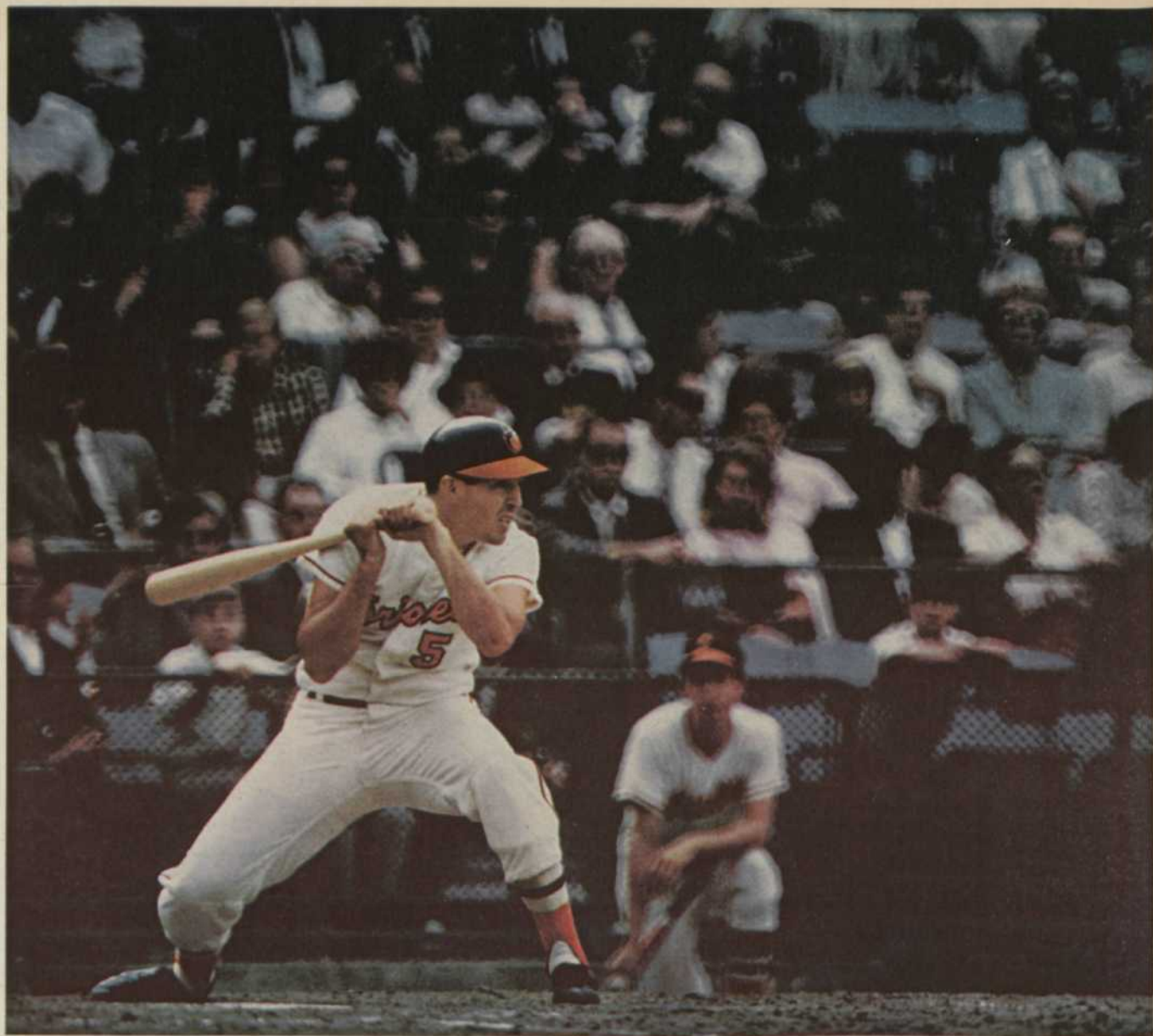
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## HOW POVERTY PROGRAM THROWS AWAY DOLLARS *continued*

more from federal funds. But New York obviously qualified for the prize for having the biggest mess in community action, even though relatively little information was available, compared with all that was going on in the big city's 80 agencies involved.

Up to Jan. 15, 1967, community action in New York City had cost OEO \$125 million. OEO made a grant of \$260,490 to evaluate the anti-poverty program in the city and see how it could be improved.

The evaluation never was made, and the money was returned intact.

### Audit revealing

To my knowledge, the only audit of a New York CAP ever made public was the one by the city's Comptroller, Mario Procaccino, on Haryou-ACT—although half a dozen investigations had been launched regarding that one organization. It was an amalgamation of Harlem Youth Opportunities Unlimited and Associated Community Teams.

Under Haryou-ACT came more than 100 community groups.

Of the \$13,393,430 in anti-poverty funds which Haryou-ACT received between July 1, 1964, and June 30, 1966, Comptroller Procaccino found that over half went for salaries. Here are a few of his findings regarding the spending of the exorbitant sum of \$7.3 million for salaries:

"Certain persons were hired for positions for which they did not possess the required qualifications. . . . Some employees were overpaid. However, no refunds were forthcoming. . . . Employees working in one program were charged to another program. The fact that the programs may not have been funded by the same government agency was not considered. . . . Some hourly employees were paid for a full week even though the time records indicated that the individual did not work a full week. . . . The time clock and time cards were not under the visual control of anyone."

In addition to the millions for salaries, Mr. Procaccino found an additional expenditure of \$281,206 for "consultant fees." A number of the so-called "specialists" hired as consultants, however, were merely "routine clerical employees." Some of them, he said, had served for long periods of time at fees in excess of the maximum allowed under OEO regulations.

Here are a few other startling

findings made by the Comptroller:

While the balance in the Haryou-ACT treasury was \$38,943 on June 30, 1966, accounts payable were at least \$600,000, although the exact amount "could not be determined." Unpaid bills were not centrally filed.

Expenditures of \$569,066 were impossible to identify clearly with any program. No accountability for petty cash advances was established. Haryou-ACT withheld \$199,732 in payroll taxes from salaries, but instead of giving the money to the federal government and New York State, used it to continue programs.

There was no control over personal phone calls, with the result that phone bills came to \$101,530. Payments to restaurants for \$15,617 were charged to meetings and conferences.

The \$25,000-a-year Executive Director Livingston L. Wingate was given a leave of absence to reconstruct the books during the period of the investigation and shortly thereafter was reinstated without any public announcement that the accounts were in order.

According to Mr. Procaccino's account, they definitely were not.

The minority views in the House Education and Labor Committee 1966 Poverty Report contained some startling revelations about Haryou-ACT, too.

It said the latter leased six cars and two station wagons from a small travel agency at \$90 a week, plus gas, for each car.

"The travel agency, however, reportedly rented the cars from the Hertz U-Drive-It firm for \$65 a week. . . . In addition. . . a member of the travel agency which leased the cars to Haryou-ACT was reported placed on the Haryou-ACT payroll at \$175 a week as a 'consultant.'"

While Haryou-ACT announced a grandiose program for vest-pocket parks in Harlem, "only three were completed, and no one seems to know how much money was spent or why only three parks were completed."

Some \$40,000 worth of toys from a well-known manufacturer never were used and were stored in a warehouse for more than a year with the agency paying high storage fees for them.

LeRoi Jones's Black Arts Theater obtained \$115,000 in Haryou-ACT funds before being cut off by OEO. Mr. Jones once wrote:

"The force we want is of 20 mil-

lion spooks [Negroes] storming American cities with furious cries and unstoppable weapons. We want actual explosions and actual brutality."

When 50 New York policemen raided his theater, they discovered a rifle range, an arsenal of deadly weapons, a pipe bomb, sharpened meathooks, pistols, knives, clubs and a cache of ammunition.

### Defying in court

Then there was the case of the Reverend Willie M. Johnson. The Bronx minister faced a 145-count indictment which alleged he had stolen \$7,760 in anti-poverty funds and had tried to steal \$15,199 more. It said he had presented false bills and vouchers and demanded kickbacks from staff members.

When Justice Joseph A. Sarafite attempted to hear the case on Mar. 21, 1967, supporters of the minister disrupted the courtroom by shouting in his defense, and the judge postponed the hearing. No one was arrested for that demonstration.

A \$15,000-a-year New York CAP director was arrested for disorderly conduct in another instance, however. Lloyd A. Johnson, director of the Brownsville-East New York Community Progress Center, according to *The New York Times*, was "proud of his arrest on June 24 [1966] for disorderly conduct while trying to see Governor Rockefeller at his office in Manhattan. He was with a group seeking the Governor's help in moving an anti-poverty bill that was stuck in a state Senate committee."

Mr. Johnson was responsible for administering an anti-poverty budget for more than \$1 million a year.

New York anti-poverty funds also financed a Chicago trip by four CAP workers to organize a Puerto Rican protest march. They were Ted Valez of the East Harlem Tenants' Council and three staff assistants.

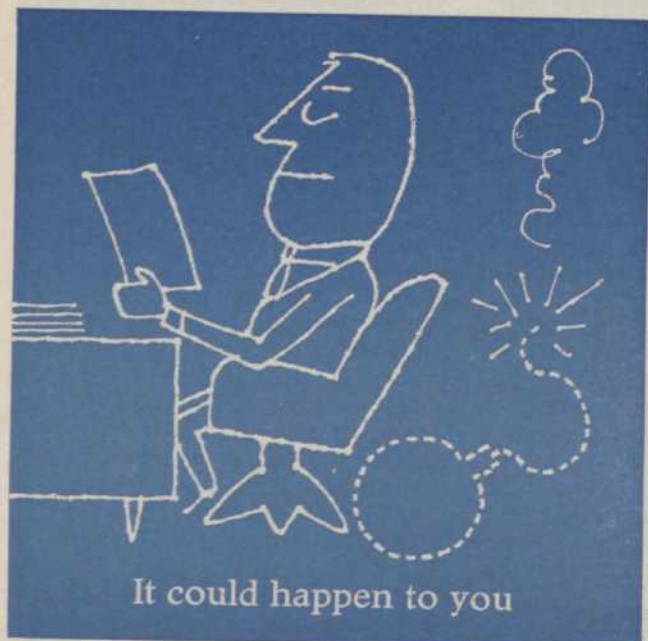
Perhaps the most ridiculous use of anti-poverty funds occurred when New York's Economic Opportunity Committee put up 50 slum-dwellers at the luxurious Astor Hotel. The Committee sent them there during a cold spell in January, 1966, when their Harlem apartments were without adequate heat.

A month later, 10 of them were still there, enjoying wall-to-wall carpeting, color television and a daily allowance for eating in restaurants. **END**

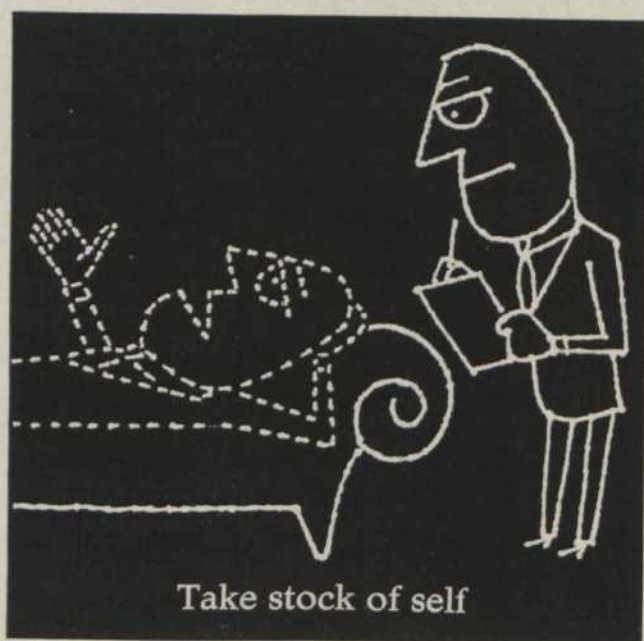


# WHY SUCCESSFUL BUSINESSMEN FAIL

A factor in all of us should be examined to make sure you don't have a failure fix



DRAWINGS BY CHARLES DUNN



Personal failure is commonplace in modern business life. The executive sees it all around him. He has learned to live with failure—of other men.

Men fail, others take their places, and corporate life goes on. We know the common reasons for failure. They can be broken down into two main categories: the man himself, and the surrounding circumstances.

A man's talents or character may not equip him to handle a job. Or, he isn't happy doing the job. Or, age has brought decline and disenchantment. In some cases, changes in the job situation thrust new demands upon him and he cannot adjust to the change.

But what about the many cases of executive failure which cannot be attributed to any of these causes?

Every day we see cases in which men, at the full height of their powers, simply fold up. Nothing in the

environment has changed. "The men have previously been successful. They like their jobs. And yet they fail.

## **The failure factor**

This kind of failure may be due to a subtle psychological element latently present in all of us. This thought may well seem strange and repugnant.

We are not suggesting that all executives are subject to the failure pattern or are masochists. But in our experience, we have seen this failure factor in tragic action many, many times.

How does this factor operate to cause failure?

How can you recognize your own failure pattern and reverse it?

Consider two brief case histories.

Donald McIntyre is vice president of engineering for a large manufacturer of electronic components. He has been with the company for 10 years. His rise through the ranks has been rapid.

About two years ago the company brought in a new marketing vice president, Charles Redman. Mr. Red-

*This article was written by Dr. Mortimer R. Feinberg, president of BFS Psychological Associates, Inc., and professor of psychology, Baruch School, City University of New York, and Anita Zlot, who holds an MBA degree from that University.*



man, while not new to the field in general, is a newcomer to this particular aspect of it.

His concept of marketing was a broad one, encompassing the design, engineering and production functions.

He recommended certain engineering modifications which would facilitate a marketing plan which he was developing.

Mr. McIntyre resisted the changes; and through his deeper knowledge of the business, he was able to make Mr. Redman look bad. In the next two years, the president got a steady stream of discrediting communications from Mr. McIntyre, along with defensive rejoinders from Mr. Redman.

The president of the company is conscious of little progress in either the marketing or engineering areas. Nothing has happened for two years except infighting and bickering. The president has about decided to get rid of Mr. McIntyre, if not both men.

Another case: Arthur Carmody is vice president of a textile firm. He is bright, promising, also impatient. He has been told that the presidency is within his grasp. If things continue to progress smoothly, he will be at the top within three years.

But all has not been progressing smoothly. Mr. Carmody has been having his differences with the present president, an old-timer, bland, somewhat cautious.

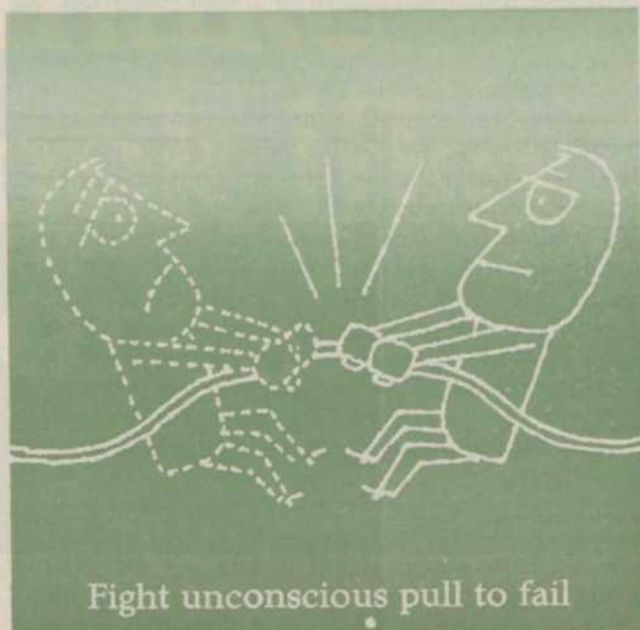
Mr. Carmody has been urgently recommending a bold new departure for the firm, a move that—if it works—will pay big dividends. But it carries considerable risks. They've just been talking about it in the president's office.

"There's a lot that is attractive about your proposal, Art. But it's got too many unknowns in it right at the moment. I know how you feel, but I think I'm going to have to sit on this one for a while longer, before I give you the green light."

Mr. Carmody immediately decides to seek a new job.

Within a week an interesting opportunity presents itself. Not a job, but a chance to become a consultant to a company in a closely allied industry.

This is a flagrant breach of company policy. But he justifies it on the grounds that the businesses are



not competitive—and that his company's policy has not kept up with present-day business life.

A member of the board of directors finds out about Mr. Carmody's new association, faces the president with it. The president, shocked and embarrassed, has no choice but to ask Mr. Carmody to resign.

#### **Why did they fail?**

Both men failed. Mr. McIntyre has done it by the steady accumulation of small troubles and grievances leading to disaster.

Mr. Carmody failed through a spectacular flouting of accepted practice that can have only one outcome.

Conventional reasons for failure do not apply here. These men had been successful. They enjoyed what they did. They were going places.

In fact, although they had everything going for them, they went out of their way to seek failure. Each man willed—and arranged—his own destruction. Why?

To look for the answer, let's turn the question around. What is the nature of the success that each man was trying to achieve? Ask what we mean by



## WHY SUCCESSFUL BUSINESSMEN FAIL *continued*

success, and usually we answer in material terms: house, cars, expensive education for the children, trips to "in" places.

This is the success we seek on a conscious level. But, we are continually reminded of the prohibitive price tag for all this.

Writers like Sinclair Lewis and Theodore Dreiser have discredited the desirability of success. They began to add up the price tag, and they and their readers began to conclude that the cost was too high.

Authors Fitzgerald, Faulkner and Robert Penn Warren elaborated on the theme: Material success was achievable only at the cost of personal sacrifice of values.

The "tragedy" of success was, to them, a spiritual failure resulting from overemphasis on economic aggrandizement at the expense of the development of latent capabilities and motives.

The result has not been a redefinition of success, but a confusion of values.

Thus, we are ashamed of progress toward success.

Subconsciously, we desire failure. We may be driven to actions that will bring about the failure which we subconsciously will.

Thus, though we want to succeed, we must fight the subconscious wish to fail. This is why the young executive who, told he is favored for a coveted promotion, suffers a "nervous breakdown." Or the professional golfer may "freeze" on six-inch putts.

This need to fail is not necessarily permanent. It is not built into us genetically. It may be a temporary regression, growing out of the confusion and lack of standards of success.

Typically, a man finds that success is not bringing him what he wanted. As he grows in responsibility, more and more people report to him, are dependent on him. And, since hostility is often a companion of dependence, the successful man finds that nobody loves him. Since success has not brought love, he makes himself fail. Not consciously; but the ultimate effect is the same.

Or it may be that a man is frightened by success. In our need to fail we begin to form negative behavior patterns. Ultimately this becomes a habit—a "failure fix."

The executive who is beginning to slip is almost never aware of it. He cannot recognize the pattern of the failure fix. Instead, he explains his current difficulties in terms of bad luck, mental blocks, the machinations of others, lack of understanding at home.

But he is developing a habit that jeopardizes his most precious possession—his ability to make sound decisions.

### **Realizing a failure fix**

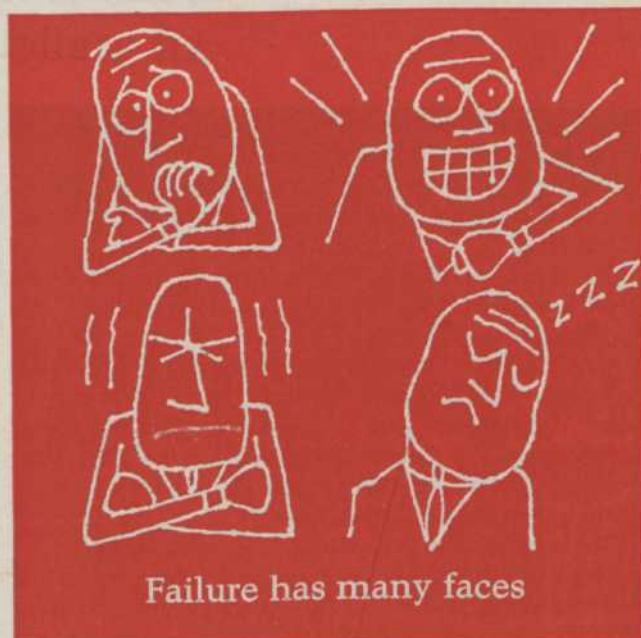
A failure-bent executive asks for problems; he gives cause for rejection; he goads others into retaliation and then complains of their unfairness.

Our failure patterns are merely the intensification of some aspects of our usual behavior. In fact, in analyzing the path that certain executives have taken toward failure, we find that the failure pattern is al-

most the mirror image of the pattern that first carried them to success.

We build a success formula. It works. Then we change certain elements of it, exaggerate others, so that it is transmuted into a design for failure.

Take, for instance, the executive whose key to success has been the ability to be responsive to the feeling of those around him. Such a man, at the pinnacle of his career, may develop an obsessive need to check continually on how he is going over with others. He becomes inordinately sensitive to criticism, real or imagined. He is voracious to receive—



but he doesn't give any more. He lets his fear of disapproval blunt the keen edge of decision; and ultimately he achieves the failure which he has unconsciously sought.

Among the clues to tell if you have begun to weave a failure pattern is weariness. The executive at this stage might tell himself that he's going stale, that there's no more challenge in what he's doing.

It may truly be a case of no more worlds to conquer; but it may well be a symptom of the souring of a sweet success pattern into the first curds of failure.

Any given moment of self-examination shows us a point on a curve. What we must find out is the direction of that curve—up or down.

One of the main contributing factors to the failure pattern is an increasing inability to see ourselves in perspective.

The failing executive may go so far as to assess his most palpable weaknesses as his greatest strengths. The sales manager tells his superior that he can't get a particular order because he "can't get along with that kind of personality." He is a "straight-shooter;" "they" are devious. In fact, he is rigid and inflexible.

On the other hand, some executives become only too conscious of what they see as their weaknesses—and begin to overcompensate for them. They con-



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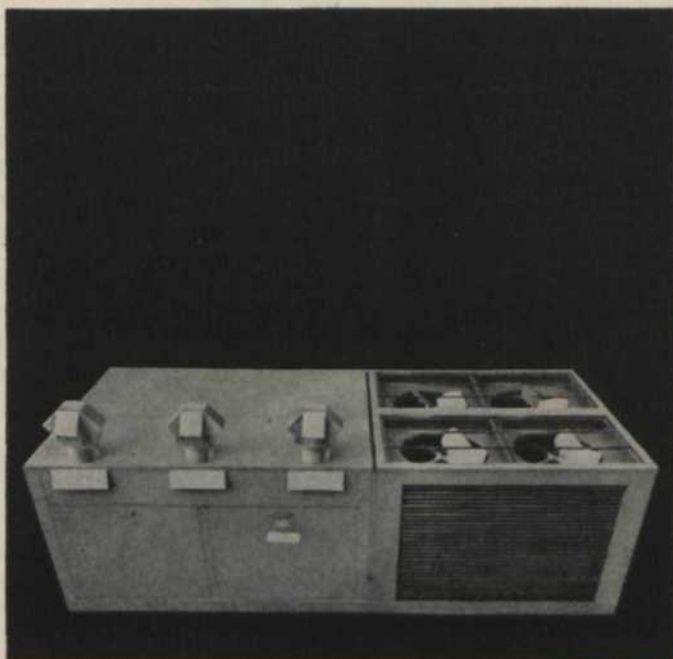
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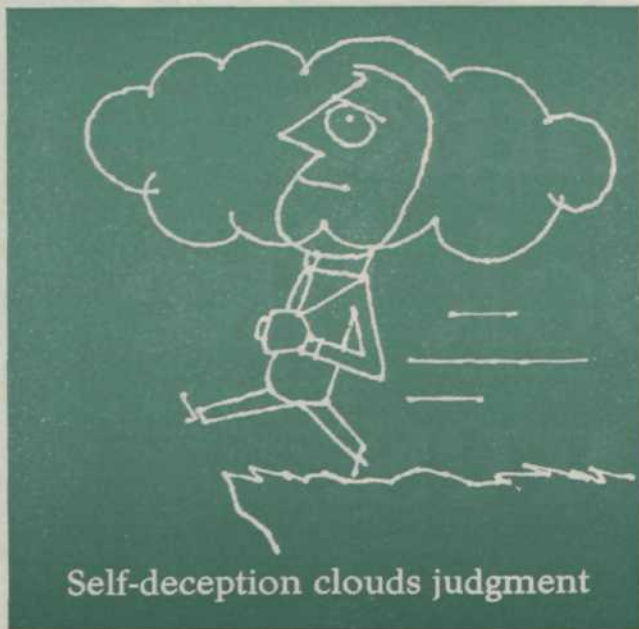


## WHY SUCCESSFUL BUSINESSMEN FAIL *continued*

tinue this until their behavior becomes so unrealistic that they lose the support of colleagues and superiors, as well as confidence in themselves.

Once the executive loses confidence—sees himself as inferior in some regard—he has narrowed down the potential goals toward which he will strive. He will act like a failure, and be treated as a failure.

Yet another pattern is that of the executive who overestimates his strengths. He can do anything, and he can do it better than anyone else. Ordinary garden-variety success is meaningless to this man. He must



be an outstanding success, or else an outstanding failure. His failure pattern is rooted in the fact that only in extremes does he gain a sense of significance.

When we embark on our self-chosen path toward failure, reality is no match for the imagination. There is no limit to our capacity for self-deception. Whether we misjudge our motives, or whether we overestimate or underestimate our own abilities, we deceive ourselves that we are achieving our goals—or at least those goals we say we want.

In reality, the subconscious goal of self-destruction may be guiding our actions. And, worse, it is clouding our judgment so that it is almost impossible for us to see what we are doing.

You must close this "credibility gap." Form the habit of realistic self-appraisal at every step—just as if you were watching someone else.

Then, and only then, can we become alert to the danger signals, break down our mistaken self-illusions and control our excesses.

How do we condition ourselves for success—the success we have achieved, as well as the success we hope for? The first requirement is to take a realistic inventory:

Do you like your job?

Have you been successful at it?

Is it taking you where you want to go?

Usually the answers are not black and white. Examine each of the qualifications you place on your answers. How much difficulty or confusion is due to outside factors—and how much is contributed by you? The outside factors are rarely the whole story. You are contributing to some degree. Pin down the "you" factor as accurately as possible.

Then make a specific and energetic effort to say what success is—in your own terms.

Ask yourself, "What do I really want?" Try to answer specifically. Consider the answers—to what extent are they influenced by what others possess?

How about power—or influence. Influence over how many people? To do what?

Can happiness be spelled out? Leisure—to do what?

Examine each of your goals in this fashion. You may begin to view more clearly the concept of success you are pursuing.

### **Taking stock of yourself**

When you know what success means in your own terms, you are ready to evaluate better your chances of achieving it. It is vital that we take continuous readings on ourselves to determine whether, in fact, we have begun to slip toward failure. The executive who wonders if he is enmeshed in a failure pattern might well ask himself, with true objectivity:

Have you become a nose-to-the-grindstone man? More so than before? More work in the brief case? Longer hours?

Do you seem to yourself to be more overworked now? Is it really so, or does it just appear that way?

Do you keep on top of every little detail? Even more than when your job was narrower? Do you now depend more on your own instincts than on the advice and experience of others?

In terms of subordinates, have you become more critical? Openly so?

Is your willingness to move people along growing or diminishing?

Are you impatient for advancement? Is your impatience growing more keen? Are you sparing in praise for outstanding performance? More so than you once were? Do you wonder what people think of you? To what degree?

When was the last time you criticized your own performance? Was it realistic?

Honest answers to these questions can help an executive discern if he is proceeding along a collision course with failure.

But what is important is that the executive be willing to do the hard work necessary to re-evaluate his ideas of success, to make a reasonably accurate assessment of his current behavior and to project his own curve—up or down. **END**

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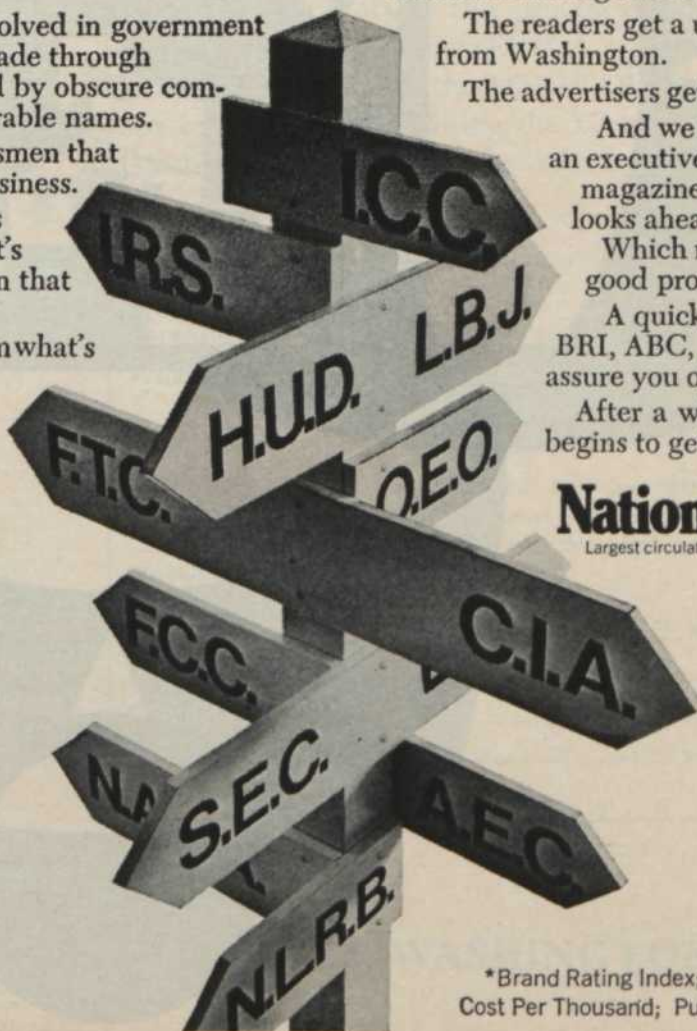
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# WANTED: A NONPOLITICAL SUPREME COURT

A distinguished authority tells what's gone wrong with our Highest Court

Appointments to the U. S. Supreme Court are among the most important tasks assigned to the Presidency. And yet the appointments are generally made with the same bows to political expediency as the appointing of local postmasters.

The fault lies not alone with the President, for the Senators who treat lower federal court appointments as personal prerogatives have been willing to leave appointments to the Supreme Court as the personal prerogative of the Chief Executive. Not since Judge John Parker was rejected more than three decades ago has the Senate blocked a Presidential Supreme Court nom-

*PHILIP B. KURLAND, author of this article, is professor of constitutional law at The University of Chicago and the author of several books on the Supreme Court. He was graduated from the Harvard Law School in 1944, where he edited the Harvard Law Review. He has served as law clerk to Justice Felix Frankfurter of the United States Supreme Court. Professor Kurland has been a Department of Justice attorney and consultant to the Economic Stabilization Agency. He is now consultant to the Senate judiciary subcommittee on separation of powers.*

*In 1960, Professor Kurland established The Supreme Court Review, an annual volume devoted to a critical analysis of the Supreme Court, and has been editor since its founding.*

ination. So seldom do nonpolitical factors play a part in judicial appointments that the surprise of the matter is that we have a Court which is not worse than it is.

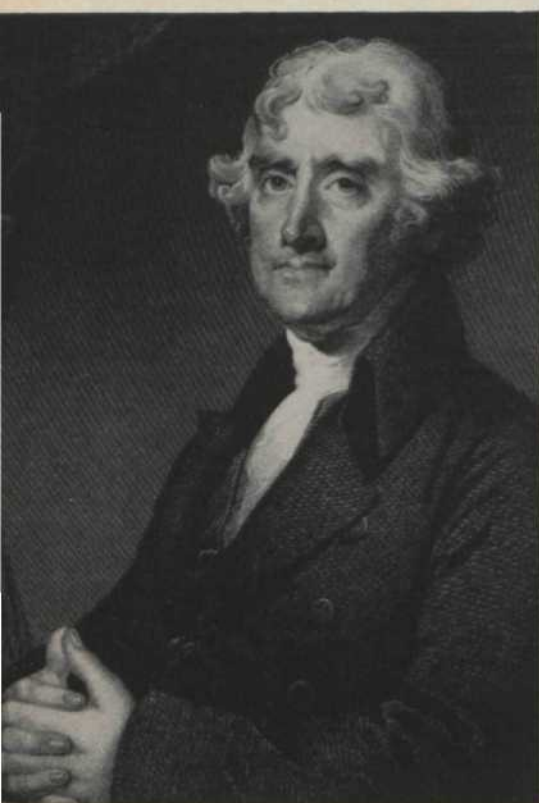
The President ought to put aside politics and patronage and seek out only the best talents to staff the Court. Obviously, there is something wrong with a method that allows a Learned Hand to remain a judge on the Court of Appeals, while appointments are offered to a Frank Murphy, to allow a William H. Hastie to remain on a Court of Appeals but give a Thurgood Marshall a High Court seat. The shame of the matter has been that a long list could be made up of the names of those best qualified to do the task of a Supreme Court Justice who were never appointed because political considerations took precedence.

There have been times when a President acknowledged the appropriate standards, as when President Hoover appointed Benjamin Cardozo to the Court. But these have been rare.

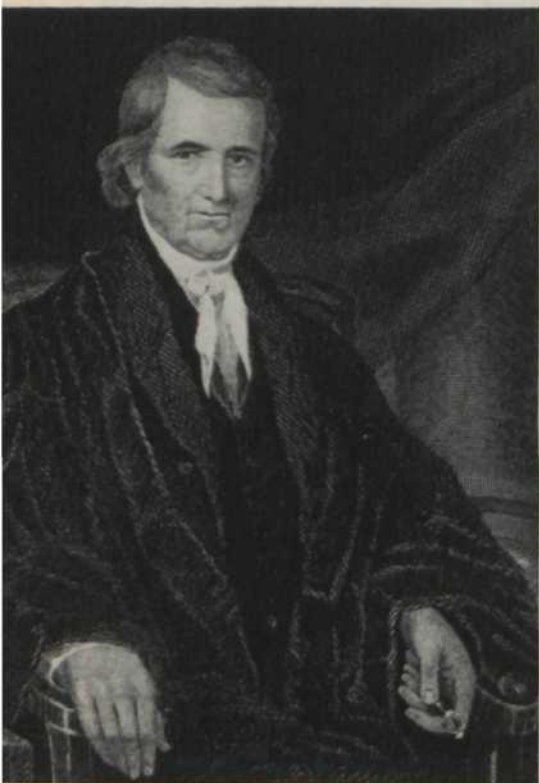
It is somewhat strange that those who so vociferously denounce the advanced age of Congressional committee chairmen are so unconcerned about the septuagenarian and octogenarian attainments of Justices of the Supreme Court. Perhaps these critics do not realize that Justice Hugo Black is 82; that the Chief Justice is 77; William O. Douglas, 69; John Marshall Harlan, 68.

When the "Nine Old Men"





President Thomas Jefferson and Chief Justice Marshall had their differences over role that High Court should play, as have other Presidents—and Chief Justices.



reached similar distinction, President Franklin Delano Roosevelt proposed to Congress that a new Justice be added to the Court for each of those over the age of 70, on the ground that aged judges are incapable of performing their jobs.

Roosevelt did not need to succeed with his court-packing bill because time was on his side. During his long tenure he appointed eight Justices to the Court, in addition to elevating Harlan F. Stone to the Chief Justice's chair. So, too, is it likely that the next President, whoever he is, will be called upon to make several appointments to the high tribunal. It seems appropriate, therefore, to look at the appointive process now.

## Choosing the "right" man

History demonstrates that Presidents have not infrequently named persons to the Supreme Court because the appointees were expected to express judicial views sympathetic to those of the President. This basis for choice has resulted in disappointments.

Joseph Story was appointed by President James Madison to counteract John Marshall's rampant federalism. Somehow Story's Jeffersonian Republicanism disappeared as soon as he donned his judicial robes, and he quickly became Marshall's strongest and most effective ally.

President Theodore Roosevelt carefully checked with Henry Cabot Lodge about what he thought to be Oliver Wendell Holmes' political predilections before putting him on the Court. After one decision, Roosevelt was purported to have remarked that he could have put a banana on the Court with more backbone than Holmes had shown.

President Wilson's fighting, liberal Attorney General, James C. McReynolds, turned into an arch-reactionary on the Supreme Court.

If one looks at recent history, he will see that of the eight appointments by FDR, four have generally been lined up on the left: Black, Douglas, Murphy and Rutledge. But the other four have been thought to be on the right: Reed, Frankfurter, Byrnes and Jackson.

Of Eisenhower's appointees, Warren and Brennan would be classified as liberal, but Harlan, Whittaker and Stewart are usually regarded as conservatives.

President Kennedy appointed the left-leaning Goldberg, but he also appointed the more conservative

White. Only President Truman's designees were all usually to be found to be on the same side. But Vinson, Minton, Clark and Burton were not on the side which Truman was believed to have espoused.

Life tenure for the federal judiciary frequently dissolves political allegiances.

President Johnson may expect that the ideals of the Great Society—whatever they may be—will be furthered by Justices Fortas and Marshall. But time has not yet borne out that judgment.

## The irrelevance of relevance

The error of the way of Supreme Court appointments lies not only in the choice of individuals because of their political proximity to the Chief Executive. Geography, race, religion and the personal friendship of the President are among other factors that have played, but should not play, a part in the making of a Justice.

Nor will the currently proffered Congressional remedy, a requirement of prior judicial experience, afford a rational criterion. For the fact is that the Supreme Court is like no other judicial body. Some of our best Justices never served in a judicial post before appointment to the Court. Many of our worst Justices did have prior service on a lower court.

What is the Court's function? To whom is it responsible and for what? The disparate answers to these questions have made the Warren Court the most divided—and perhaps the most divisive—Supreme Court in American history.

Clearly if you regard the Court as simply another political branch of the national government, expected to make and effectuate policies that it deems desirable, you will seek the same qualities in Justices as you seek in legislators and executives.

The Court, however, is politically irresponsible. Unlike the President and Congress, it has no constituency on whom it relies for return to office. Judicial life tenure was granted, not because the Court was to be a partisan in the political strife that is endemic in our nation, but rather in order to permit it to be above such political contests. And if that basis is in fact nonexistent, then perhaps the time has come to recognize the political nature of the Court and subject its members to the same controls imposed on other political branches of the govern-



ment. The conflicting ideologies about the function and responsibility of the Supreme Court have been conveniently labeled "judicial activism," on the one hand, and "judicial restraint," on the other.

Two points should certainly be made about this dichotomy. First, the difference between the two is a difference in degree, not in kind. Second, the contest has been one that has been waged throughout our history.

John Marshall faced President Jefferson over the same issues—and won. Taney's Court confronted President Lincoln over the same issues—and lost, although it took a Civil War and three constitutional amendments to establish the defeat of the Court.

The Roosevelt-Court fight derived from the New Deal's objection that the judiciary was engaged in writing their personal predilections into the Constitution. This, the liberals of that era made quite clear, was not the function of the Supreme Court of the United States. Holmes was their hero because he applied a doctrine of judicial restraint.

Things have changed. The liberals who once shouted about judicial tyranny and the usurpation of power by the Court are now proclaiming both the desirability of acknowledging the prime political role of the Court and its immunity from the exertion of political pressures from other branches of the government.

A simple assertion of the right to eat cake and have it, too.

#### **Behavior of an activist court**

If there is one hallmark of the activist wing of the present Court, it is its conception that in Holmes' language constitutionality does turn on the question whether the law under review "may seem to the judges who pass upon it, excessive, unsuited to its ostensible end, or based upon conceptions of morality with which they disagree." There are now on the books a large number of opinions that adopt this position.

And, in the area of statutory construction, this group tends to regard Congressional legislation as a license to spell out its own notions of what the statute should contain. A statute that is unpalatable to the Court and can not be reconstructed to its liking is in danger of falling afoul the limits of the new Constitution.

The hard core of the activist bloc is made up of Warren, Douglas and Brennan, although the Chief Justice and Brennan—unlike Douglas—

are a little queasy about all that pornography. Justice Black was once considered a solid member of this group, but its speedy reconstruction of the U. S. Constitution has tended to leave him far behind.

The success of this bloc in the future will depend largely upon recruitment of Fortas and Marshall, on both of whom the liberals are pinning great hopes.

What then are the general purposes to which the activists are committed? One can discern several major themes in the Court's recent efforts. Foremost is the Court's egalitarian bent. In recent years the Court's emphasis has shifted from the vagaries of the "due process" clause, utilized in the past to support business and individual rights, to the equally amorphous commands of the "equal protection" clause, used largely in support of newly created rights of socially and economically disadvantaged groups.

I do not mean to suggest by this that the Warren Court invented the "equal protection" clause as a device for the creation of new privileges that it espouses. Chief Justice Taft found in it a means of preventing state legislatures from restricting the use of labor injunctions.

There are, however, differences between the use of the "equal protection" clause by the Taft Court and its use by the Warren Court.

The primary difference is in the clientele on whose behalf the clause is invoked.

The second major theme of the Court's work is the destruction of federalism in the American system by continued depletion of the power of the states. There is no novelty in this, except in terms of the rate at which it is traveling. After all, there is a major difference between a car traveling at 30 miles per hour and a car traveling at 100 miles per hour.

It should be conceded, however, that if one looks at the role of the Court in American history, he will discover that the primary function of the Court has been to serve as a centripetal force in American government.

The more interesting aspect of the Court's centralizing tendencies has been its husbanding of greater and greater authority to itself, providing compulsory solutions for complex problems that heretofore had been considered beyond the domain of judicial competence.

On a less abstract level, the activist wing has shown its predilections, not in terms of principles, but rather in terms of parties. Between

criminal defendants and prosecutors, its partisanship favors the defendants, except where they are such unpopular persons as James Hoffa.

As between labor and government, it favors government; but as between labor and management, it favors labor. Its choice is for the regulatory agency over the regulated industry, and for the tax collector over the taxpayer.

The Antitrust Division of the Justice Department must also win.

Property rights must fall before claims of civil rights.

The major defect of the Court, to my mind, however, lies not in the conclusions it reaches so much as in the way that it reaches them.

As two Yale professors noted in the early days of the Warren Court: "The Court's product has shown an increasing incidence of the sweeping dogmatic statement, the formulation of results accompanied by little or no effort to support them in reason, in sum, of opinions that do not opine and *per curiam* orders that quite frankly fail to build the bridge between the authorities they cite and the results they decree."

This, to me, is the most serious charge leveled against the Court. To put it baldly, it is that the Court has not been honest in the means it has used to support its judgments.

The Court's political irresponsibility may be defended on the ground of the need to maintain its independence. However, since it is freed from any obligation to account directly to the electorate, the Court should be obliged to provide adequate explanation for its actions lest fiat be substituted for reason.

#### **The Court and antitrust law**

In no single area is the misguided direction of the Court more evident than in its development of antitrust law. Professor Milton Handler, one of our foremost experts on antitrust law, both as a scholar and practitioner, has repeatedly pointed out the Court's failings.

The fact would seem to be that this Court is either incapable or unwilling to express such policies as it purports to rest in deciding cases.

A prime example of the Court's behavior is afforded by its creation of the "doctrine" of "potential competition" as an argument for inhibiting corporate mergers under the Clayton Act. If the "doctrine" were a real one, the Court would be required to have and use a good deal more information about the economics of the problems it purports to resolve than it has yet displayed.

Writing in *The Supreme Court*



*Review*, George and Rosemary Hale have appropriately characterized the Court's decisions:

"The Supreme Court's dislike for corporate mergers reached new heights in . . . *United States v. Continental Can Co.* . . . and *United States v. El Paso Natural Gas Co.* [in which] the Court made it pellucidly clear that the proscriptions of Section 7 of the Clayton Act extend to situations in which the parties to the proposed merger might become competitors as well as those in which the parties actually are in competition."

They appropriately concluded: "If, as may be the case, the Court is determined to block all mergers at whatever cost in efficiency—a position that is not wholly without merit on political grounds—then it would be preferable for the Court candidly to say so. Manipulation of the concept of potential competition so that plaintiffs invariably prevail can only lead to confusion."

The same criticism, that the Court places political objectives above legal ones, may be made of almost all its opinions in the area of economic regulation.

Two generations ago, the American legal scene was flooded by observations of the legal realists demonstrating that the rules applied by the judiciary were neither inspired nor revealed but simply created.

The cult of the robe came under devastating attack, especially by law professors, for two reasons.

First, because the notion of judges as a priesthood propagating the dogma of a faith was just too absurd to be supported by anyone who made a pretence of commitment to the truth.

And second, perhaps, because the courts of that period had tended to align themselves with the propertied elements of the community: "property" rather than "equality" was the shibboleth of the day.

The Supreme Court is no longer aligned with the propertied classes but is rather in the vanguard of the political forces that would elevate the heretofore disadvantaged. This does not, to me at least, mean that the judicial robe has once again become a magic cloak.

The faithful may, with a fervor not unusual among the newly converted, see the clothes on the naked emperor. I find the exercise of power by the current Supreme Court no less naked than the exercise of power by its predecessor, despite the change in clientele.

If that power is not to be denied it, the Court must justify its use, honestly. If there are reasons for the conclusions that the Court is reaching, they should be good enough reasons to stand public scrutiny.

If they are not good enough to stand public scrutiny, they are not good enough.

Wherein lies the fault for the indiscretions that the Court has committed?

First, of course, the responsibility lies on the Justices who have made the decisions.

Second, on the appointive power that has failed to remove the Court from the political arena.

Third, on the national legislature that, in fact, delegates its role of making law to the executive and judicial branches of the government.

Fourth, on the states which have voluntarily become fiefs of the central government.

Ultimately, however, the responsibility lies with the people of the nation. For, as Adlai Stevenson was wont to observe, we tend to get the kind of government we deserve.

This nation, as we would know it, can survive only so long as its people respect the law. They will respect the law only so long as the processes of lawmaking, whether by judiciary or legislature or executive, are worthy of that respect.

As Justice Frankfurter once said: "Fit legislation and fair adjudication are attainable. The ultimate reliance of society for the fulfillment of both these august functions is to entrust them only to those who are equal to their demands." **END**

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## Today's Horatio Alger heroes

BY WILBUR MARTIN

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Those countless thousands who thrilled to Ned the Newsboy and Alger's other young knights have all grown up, many to become today's business and industrial leaders. And, in nostalgia, they may ponder: Where are the candy butchers of old No. 9, the shoe-shine boy and the waif on the corner with his financial extra?

Alger's fictional characters have their real-life counterparts, just as they always have. You can find them in the garment district of New York City, pushing dress racks along Seventh Avenue and dreaming of one day owning a manufacturing house of their own. Or ushering at NBC, ABC or CBS, striving to break into television, just as did hundreds of youngsters who clerked in the drugstores near Hollywood and Vine in Hollywood's heyday.

You can find them on college campuses. There are more of this type among the ivy than the mop-haired, bearded, beaded, sockless vocal searchers who flit from cause to cause.

Every businessman can look back on his own school days and remember "Working Willie," the boy who had a dozen odd-jobs to pay his way through school and finance Saturday night's date.

Today's counterpart to Alger's Ned the Newsboy is far more sophisticated, but his aim is the same: to succeed. A good example of the type of enterprise you can find on almost any campus is Patrick M. Fahey, 24, of Baltimore, president of Paladin Advertising Co. His vice president is Fred Cuomo, 21.

Fahey tells it like this:

"I was 21, going to the University of Baltimore and I wanted to pay my own way. I also know that when you go to get a job, businessmen ask you, 'What have you done,' even if you've just graduated."

Paladin Advertising Co. (from a character out of the time of Charlemagne but best remembered as a TV western Robin Hood type) was born with \$75 and a printer willing to carry it on the cuff.

Its stock in trade is a sports directory that also

lists every graduating student each year from the University of Baltimore (and grew to editions for 12 other Maryland colleges).

It also handles place mats for fraternity functions (courtesy of participating merchants), ads on the back of dance and raffle tickets.

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Fahey tells his score of full-time campus employees that companies are looking for people who realize they must have something else beside a college diploma—some solid work experiences and a background of accomplishment.

To add a little more incentive than the 40 per cent commission, he had a contest and the top salesmen ended up with company titles: vice president, secretary, treasurer. Other good producers got a \$3 gas allowance.

Along the four-year road, Fahey became the youngest member ever taken into the Baltimore Chamber of Commerce and the Advertising Club.

He also moved his company offices from his basement to an office of its own, a \$10-a-month garage (no heat, but a rug on the concrete floor). And his mother, as Cuomo's, still is the telephone answering service.

"The company's been fun," says Fahey, graduated now and 1-A in the draft.

"It has paid my way through college and given me something that I think I can either build on or give me terrific experience if I go to work for somebody else. It has also given me the down payment on some property."

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Cuomo, who won an athletic scholarship to Baltimore as a soccer player, will be able to keep Paladin operating if Fahey goes into service—for a while. He's a senior himself.

Fahey unabashedly believes "opportunities are unlimited if you're willing to work" and "you can still make something out of nothing."

"Maybe it's corny to think like this. But you look at the people who made this country great. They thought like this and they did a pretty good job of it.

"What's wrong if you think you can still become a millionaire?" he grins.

*Mr. Martin, author of this month's column, is an associate editor of NATION'S BUSINESS.*



## NO BUREAUCRACY?

When the so-called war on poverty was declared a few years ago, Sargent Shriver pledged that "every dollar allocated will be spent to help the poor. There will be no leakage. There is no contemplated huge new bureaucracy."

Today, the Poverty Office has on its payroll more highly paid staff people than such important agencies as the National Security Council, Arms Control and Disarmament Agency, Office of Science and Technology, Council of Economic Advisers, Budget Bureau, Commission on Civil Rights, Selective Service System, the Joint Chiefs of Staff and the White House all put together.

Mr. Shriver now is going to be our Ambassador to France. *Bon voyage*, Sarge.

Nation's Business

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May 1968

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